

2022 ANNUAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022
CITY OF SPRUCE GROVE, ALBERTA, CANADA



LAND ACKNOWLEDGEMENT

The City of Spruce Grove is honoured to acknowledge the land we work, play, and make our homes on as Treaty 6 territory, and the Métis Nation of Alberta Region 4. This is sacred land that holds the hearts, footsteps and spirits of many First Nation, Métis and Inuit Peoples, and in particular, Paul First Nation, Enoch Cree Nation, Alexis Nakota Sioux Nation, Michel First Nation, Alexander First Nation, and the Lac Ste. Anne Métis. We recognize and acknowledge Indigenous values, traditional teachings, ways of being, contributions, and historical inequities. The City is dedicated to Truth and Reconciliation to help in healing, and learning to build reciprocal and trusted relationships. We commit towards strengthening relations and building bridges with the Indigenous Nations whose traditional territories the City is located within.





2022 ANNUAL REPORT

City of Spruce Grove, Alberta

2022 Annual Report for the year ended December 31, 2022

Prepared by: Finance, Corporate Communications,
and Integrated Planning and Strategic Services

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INTRODUCTION

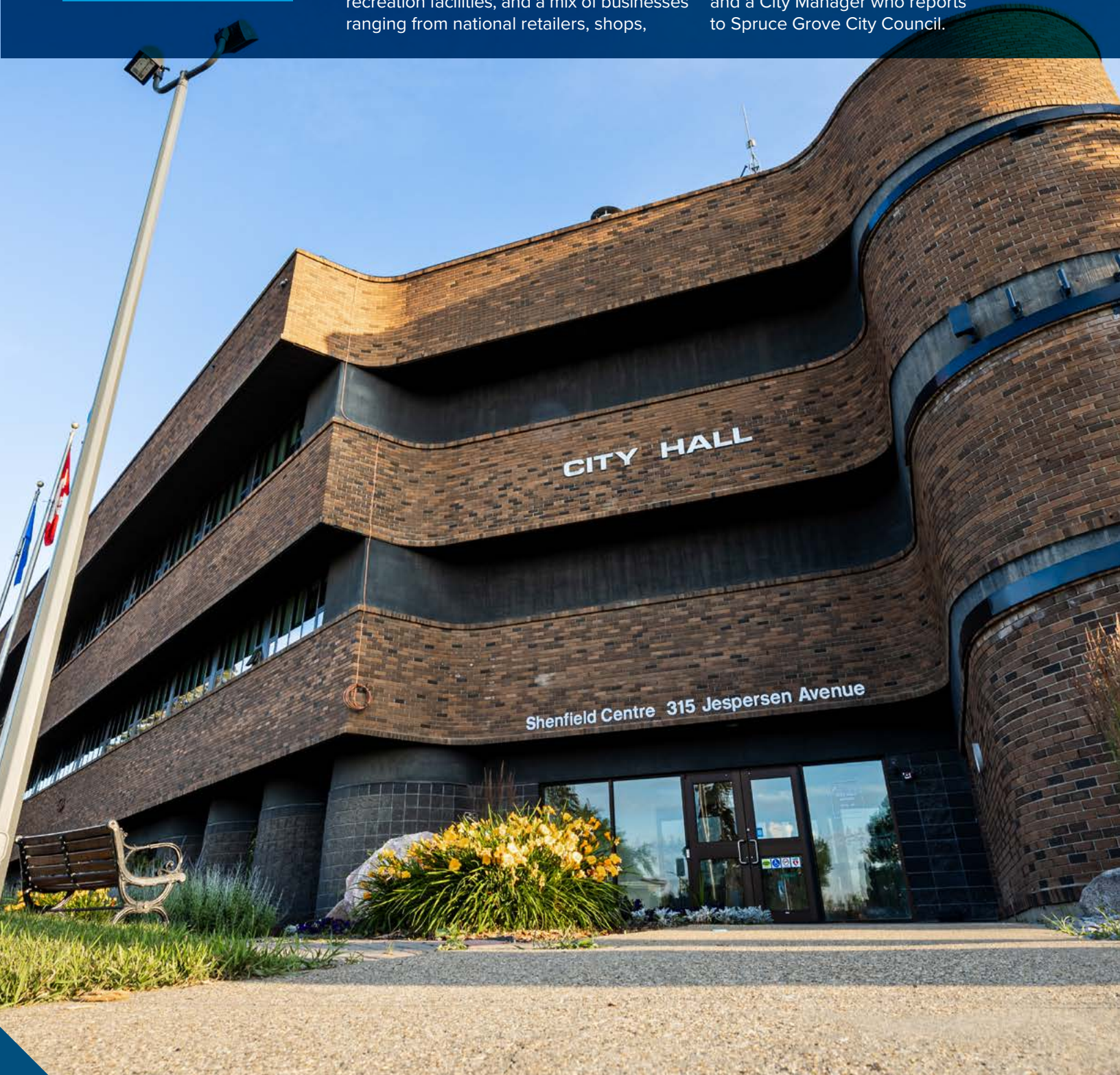
CITY PROFILE

The City of Spruce Grove is a vibrant, dynamic community of more than 37,000 people.

Located just 11 kilometres west of Edmonton, the City offers housing options for everyone, excellent schools, sports, culture and recreation facilities, and a mix of businesses ranging from national retailers, shops,

locally owned and chain restaurants, and professional services.

The City's plans, services and ongoing operations are carried out by a workforce of more than 300 employees who are overseen by three general managers and a City Manager who reports to Spruce Grove City Council.



SPRUCE GROVE CITY COUNCIL

SERVING THE COMMUNITY OF CHOICE



From left to right: Councillor Stuart Houston, Councillor Dave Oldham, Councillor Danielle Carter, Mayor Jeff Acker, Councillor Erin Stevenson, Councillor Jan Gillett, Councillor Reid MacDonald

The City of Spruce Grove is governed by an elected council of a mayor and six councillors. Spruce Grove City Council is responsible for identifying the overall vision for the community and developing a long-term strategic plan for the city. Council also reviews and approves new or amended policies, procedures, and bylaws and approves the annual corporate plan, which is the City's principal guiding document for providing residents with a high quality of life at an affordable rate, while also staying the strategic course of municipal economic sustainability.



Mayor and Council – 780-962-7604



council@sprucegrove.org



GOVERNANCE STRUCTURE

City Manager's Office

The City Manager's Office includes the City Manager who is responsible for the overall administration of the City of Spruce Grove and provides a key administrative leadership role to the organization. The City Manager acts as a liaison between Spruce Grove City Council and Administration and ensures the implementation of City policies and programs. Corporate Communications and Economic and Business Development are also part of this area. Corporate Communications leads communications planning and consulting, branding and visual identity, writing and editing, issues management, crisis communications and media relations for the organization and supports the communication needs of other departments within the City. Economic and Business Development is responsible for facilitating programs and services intended to help local businesses prosper and grow, and attract new business and investment to Spruce Grove.

Corporate Services

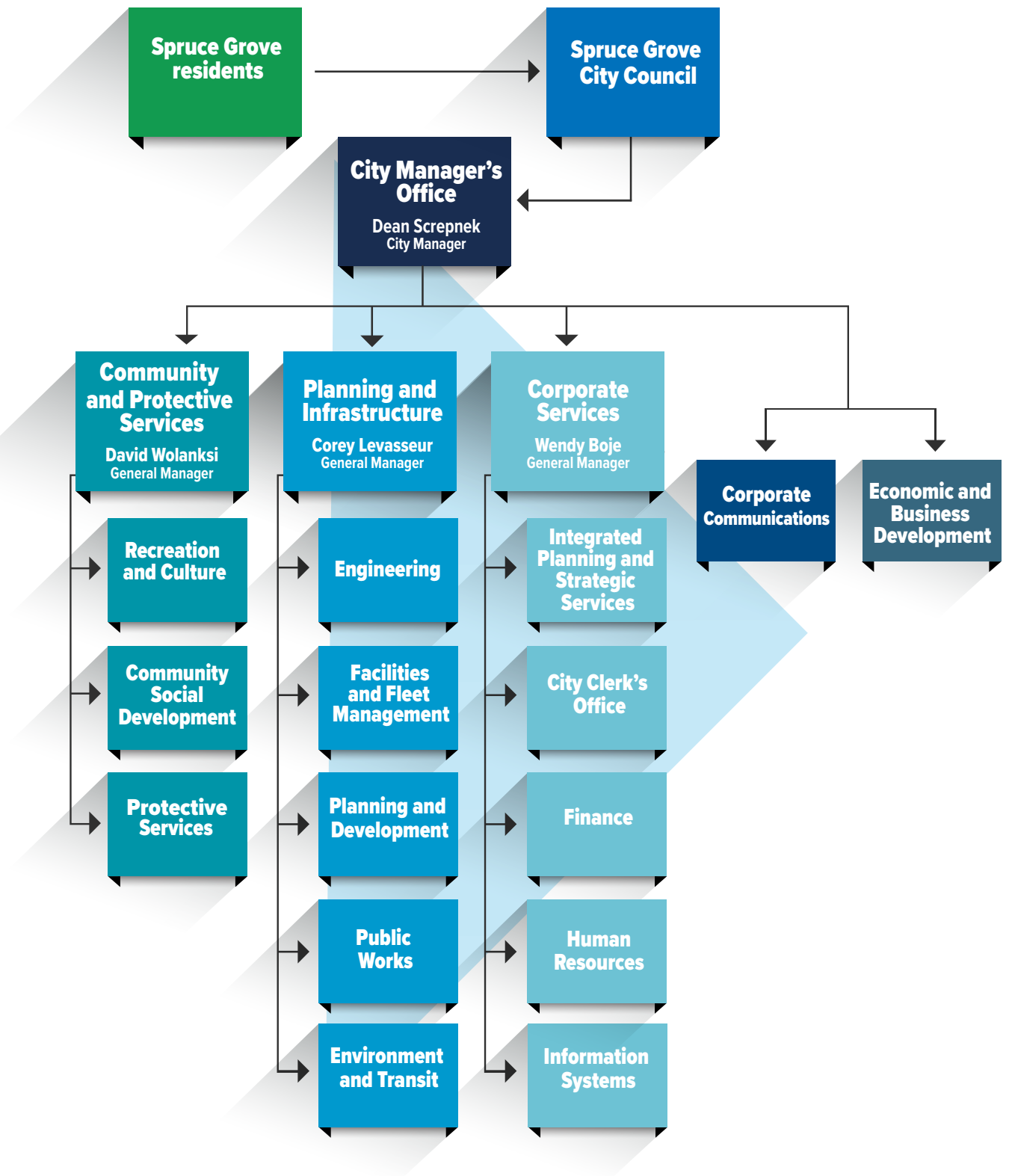
Corporate Services is comprised of several areas that focus on integrated strategic planning, legislative and policy administration, information systems, insurance, risk and legal administration, election and census administration and customer service program coordination. Other responsibilities include human resource management, labour and employee relations, financial planning and reporting, information technology and network administration, corporate planning and asset management.

Community and Protective Services

Community and Protective Services is comprised of several areas with responsibilities including preventative social programming, counselling, indoor and outdoor facility management, open space planning, recreation, community events, Horizon Stage, volunteer development, Enforcement Services and integrated Fire/EMS. In addition, Community and Protective Services works as the City's administrative liaison to the Spruce Grove Public Library, RCMP Officer in Charge, TransAlta Tri Leisure Centre, accessible transit services, Yellowhead Regional Library and Allied Arts Council, and facilitates a number of boards and committees including the Community Police Advisory Committee, Community Road Safety Advisory Committee, and the Joint Use Committee.

Planning and Infrastructure

Planning and Infrastructure is comprised of several areas that are responsible for long-range planning, construction-related projects, monitoring the construction of new infrastructure by private interests, sustainability initiatives, and the ongoing maintenance of most of the City's traditional servicing infrastructure and physical assets. In addition, Planning and Infrastructure is responsible for providing a number of primary services through contract arrangements, including Spruce Grove Transit, solid waste, organics and recyclable materials collection, and all building, plumbing, electrical and gas inspections for new construction.



MAYOR'S MESSAGE



If there was one common theme stretching throughout 2022 in Spruce Grove, it was “back together”.

After a few challenging years of keeping our distance and doing our best to keep everyone safe, we were able to reconnect as a community once again, and wow, did it feel great! From our Canada Day Celebration, which brought more than 10,000 people to Jubilee Park, to our first full season of shows at Horizon Stage in two years, a full slate of summer block parties, an incredible Light Up at Central Park, and numerous other events and celebrations, we were able to fully embrace community life once again.

2022 was the first full year in office for our current City Council and following consultation with our residents and City Administration, we were able to make some significant strides toward setting the strategic direction of the City for the years to come. Our 2022-2025 Strategic Plan outlines Council's commitment to the future of Spruce Grove over the next few years and guides City staff as they work to achieve the goals and priorities identified by Council.

Many exciting things happened in our community in 2022, and you can read more about them in the following pages.

We officially kicked off the largest infrastructure project in the history of Spruce Grove with the ground-breaking for our new Civic Centre. Planning and design work is nearing completion and we will start to see exciting things happening at the site soon!

We also launched the first phase of our Municipal Development Plan, Shaping Our Community, a long-term vision which imagines the possibilities of what Spruce Grove can be in 10, 20 or even 30 years from now. Public consultation is ongoing, and the plan is expected to be complete by late 2023.

Through a collaboration with TELUS to build out a fibre optic network in Spruce Grove, we invested \$4.25 million to connect the industrial areas of Spruce Grove with TELUS contributing a further \$50 million to connect over 90 per cent of homes and businesses within our boundary.

We also joined forces with Stony Plain Transit and Acheson Transit to establish a single on-demand local transit service, welcomed a new piece of public art to Spruce Grove with a mural in the Grove Drive pedestrian tunnel, and recruited for a new Youth Advisory Committee.

Clearly, it was a busy year and looking back, I'm so proud of what we accomplished. I am also excited about the many opportunities ahead of us and am committed to working with my colleagues on City Council, City Administration, and you – our residents – to continue building a community where we can grow forward, together.

A blue ink signature of Jeff Acker, written in a cursive style.

**JEFF
ACKER**
MAYOR

CITY MANAGER'S MESSAGE

On behalf of the City of Spruce Grove and the hundreds of City staff who work hard to deliver the programs and services on which our residents rely, I am proud to present our 2022 Annual Report to the community. This document highlights many of our accomplishments over the past year, as well as our audited financial statements.

The information on the following pages provides insight to our successes in areas such as community building, program and service delivery, new infrastructure projects, environmental stewardship, emergency response and more.

The City recognized a consolidated surplus of \$14.6 million in 2022; \$8.2 million lower than budgeted, due in part to government grants for capital which came in lower than expected caused by delays or deferrals of planned capital spending. Overall economic conditions improved from 2021, as we experienced actual growth of 2.61 per cent; higher than projected growth of 2.52 per cent.

We began an extensive bylaw and policy review in 2022 to maintain transparency and improve our program and service delivery. This work will continue in 2023 as we update our existing policy documents and work on a new Community Standards Bylaw.

Construction activity ramped up in 2022 as the City issued nearly 800 building permits, valued at more than \$7.5 million. Work also continued on the City Centre Area Redevelopment Plan, with the re-opening of Columbus Park and significant progress on the streetscape revitalization project.

We launched the CityView portal, which is an online tool that makes it easier and more convenient for builders, developers, and residents to apply for things like permits and business licences and we joined the Digital Economy



program, aimed at helping small businesses build and grow their online presence.

Additionally, we continued to foster relationships within the Tri-Municipal Region and the Edmonton Metro Region to advocate for regional priorities and fund operational and strategic efficiencies.

Looking ahead, I am extremely optimistic about what the future holds for our community. City Council has a strong vision for Spruce Grove, which is outlined in their 2022-2025 Strategic Plan, and City Administration began delivering on that vision in 2022 with more work planned over the coming years.

It's been very rewarding to see this plan come to life in a tangible way that is directly supporting our residents and the community. I am proud of the work that was done in 2022 and I look forward to continuing this journey in 2023. By working together and supporting one another, Spruce Grove will continue to be a place we are all proud to call home.

A handwritten signature in blue ink, reading "Dean Screpnek".

**DEAN
SCREPNEK**

CPA, CMA, CLGM
CITY MANAGER



LOOKING BACK ON 2022

Council's Commitment to the Community

Developing the 2022-2025 Strategic Plan

A key focus for Spruce Grove City Council in 2022 was developing and approving the 2022-2025 Strategic Plan, which outlines Council's vision for the future of Spruce Grove.

Council took what they heard from the community during the 2021 municipal election campaign and used that feedback to inform a series of planning retreats with the City's Corporate Leadership Team in early 2022. Once the Strategic Plan was drafted, residents were invited to provide their feedback on the draft plan before it was finalized and formally approved by Council in August.

The Strategic Plan reflects Council's commitment to the community and serves as the roadmap Council is taking for its current term. It provides direction and guidance to City Administration in their work and includes four themes:



Community Connections



Environmental Sustainability



Economic Prosperity



Governance in Action

Work to implement the Strategic Plan started last year and will continue throughout Council's term. A living document, the plan is reviewed annually to ensure it continues to capture Council's goals and priorities.

The full Strategic Plan can be viewed online at sprucegrove.org/StrategicPlan.





Youth Advisory Committee formed

In 2022, Spruce Grove City Council appointed 10 local teens to form the Youth Advisory Committee (YAC). Council established the YAC to provide an opportunity for youth between the ages of 12 and 18 to engage in the community and represent their perspective on a variety of municipal issues.

Committee members coordinate youth specific initiatives that profile local youth issues, provide recommendations to Council on matters that directly impact youth, provide their perspective on youth-oriented City policies, programs and services, and consult with Administration to support youth initiatives.

For more information, visit sprucegrove.org/Boards.



Supporting the unsheltered

Support for residents without shelter and those at risk of becoming unsheltered was a focus for Spruce Grove City Council in 2022, with the establishment of the Community Hub and support for the expansion of the Community Winter Emergency Response (Late Night Café).

Winter Emergency Response

In August 2022, Council approved a five-year funding commitment for the Winter Emergency Response, which will see sustainable funding of \$27,750 annually for five years commencing in 2023 and continuing through 2027. The program is operated by the Winter Emergency Response Committee and supported by the City and several community agencies.

Thanks in part to funding provided by the City, in 2022 the committee increased the hours of operation to 7 p.m. to 7 a.m. and lowered the temperature threshold at which the response is triggered, from -25°C to -20°C, allowing the program to be open for more hours during the winter months.

sprucegrove.org/WER

Community Hub

Also in August, Council approved the establishment of a temporary space to support those who are unsheltered or on the verge of becoming unsheltered with the opening of the Community Hub on October 24.

At the Community Hub, three Community Support Workers provided support in the areas of social/emotional wellbeing, mental/medical health, housing, and financial aid. The Community Hub reported 44 unique users at the end of 2022 and served an average of 14 people per day.

sprucegrove.org/CommunityHub



Habitat for Humanity Edmonton completes 30th anniversary build in Spruce Grove

Two Spruce Grove families realized their dream of home ownership in 2022, thanks to Habitat for Humanity Edmonton, their partners and volunteers. In July, the families moved into a new duplex, which was also Habitat for Humanity's 30th anniversary build. The new home brings the total number of Habitat Homes in Spruce Grove to 11. In total, these homes have served 18 families including 25 parents and 36 children.

Over the years, the City has been a significant supporter of Habitat projects by helping the charity acquire land and/or through affordable housing funding. The first Habitat project in Spruce Grove dates back to 1999, when a single-family home was constructed for a local family.



Barry Medori inducted into Awards of Excellence program

A long-time Spruce Grove resident who has made a profound impact on many young hockey players was inducted into the Awards of Excellence program in 2022.

Barry Medori was recognized in the Significant Achievement category for his successes both as a coach and coaching mentor in a wide variety of levels of hockey and para-hockey. Throughout his career, Barry has been involved in the sport at a local, national, and international level, including as a volunteer, instructor, coach, assistant coach, and mentor.

He served on the coaching staff of the World Champion 2007 Canadian Women's National Team, and the Canadian Paralympic Ice Hockey team which won the 2017 World Championship. In his role as a high-performance coach mentor with Hockey Alberta, Barry has been instrumental in the development of many of Canada's top aspiring coaches, providing leadership to both the coaches and their players.

Closer to home, Barry was instrumental in starting the Parkland Hockey Academy, where he taught for 37 years. He also started and led a Hockey Canada Skills Academy

with both Parkland School Division and Northern Gateway School Division from 2003 to 2015.

Barry was presented with his Award of Excellence at the Canada Day Celebration at Jubilee Park on July 1.





Top marks for Spruce Grove Fire Services

Spruce Grove Fire Services earned a score of 99.3 per cent and the title of “Accredited with Exemplary Standing” following a comprehensive review in 2022 by Accreditation Canada, an independent health care accreditation organization. The four-day review involved observing staff on the job, interviews with patients and families, and a review of documentation and files. The evaluation was based on factors including emergency preparedness, decision making, client-centred service, communication, safety culture and work environment. As quoted in the final report, “the organization has attained the highest level of performance, achieving excellence in meeting the requirements of the accreditation program.”



SPRUCE GROVE FIRE SERVICES

 TOTAL RESPONSES IN 2022 3,190		
Garbage or grass fires: 34	Fires causing dollar loss: 34	Motor vehicle collisions: 119
Public hazard/service calls: 63	Medical calls: 2,993*	False alarms: 376
Undetermined: 2		Other: 9
*Within Spruce Grove city limits. Spruce Grove Fire Services also responds to medical calls for service outside city boundaries.		

SPRUCE GROVE ENFORCEMENT SERVICES

 TOTAL RESPONSES IN 2022 4,011		
Public Assistance: 870	Property Bylaw complaints: 773	Animal Control Complaints: 880
Traffic Related Complaints: 1,158	Calls to assist Fire Services/RCMP: 110	Public Health Act: 4
Other: 216		



Our most popular Facebook post of 2022

Our most popular Facebook post of the year came on the evening that Central Park was transformed into a shimmering spectacle of light! It was unseasonably warm for the end of November (about 3°C!) and thousands of people packed into the park for games, music, fireworks and of course, Light Up! This post, showing the park fully decorated in the holiday spirit, received over 1,400 likes and reactions, 196 comments, and 102 shares! Read more about the Light Up celebration on page 21.

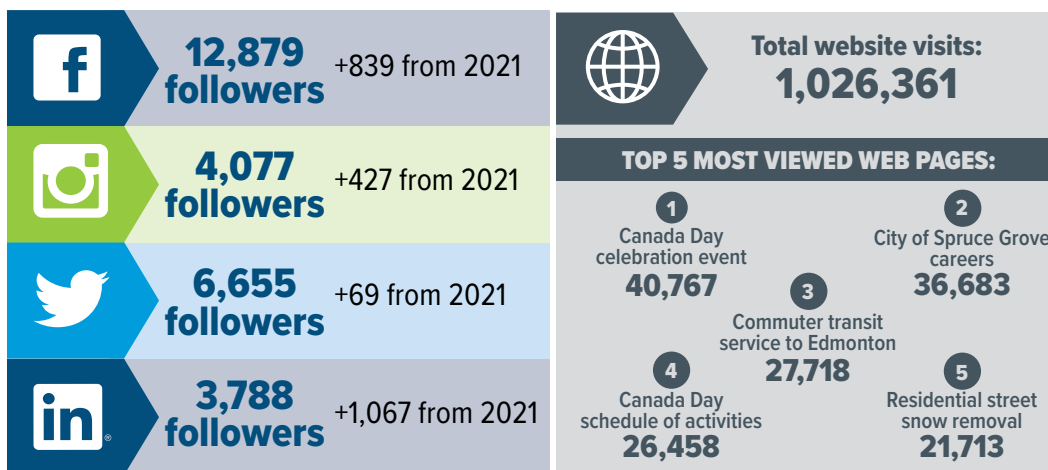


City of Spruce Grove - Your Local Government
Such a beautiful sight! 🌲 😊 Check out the lights at Central Park, located at 9 Agrena Road in Spruce Grove.

Cover photos · Nov 28, 2022 · 🌐

[View Full Size](#)

Social media and website stats



CityPulse e-newsletter

The CityPulse e-newsletter is delivered to inboxes bi-weekly, and provides residents with timely updates on City news, projects, programs, and events. It's another important way residents can stay informed about what's happening in Spruce Grove.

- In 2022, we produced and delivered 25 CityPulse e-newsletters.
- At the end of the year, there were exactly 700 subscribers – an increase of 344 from 2021.

Not receiving the CityPulse e-newsletter in your inbox?
Sign up at sprucegrove.org/CityPulse.



COMMUNITY CONNECTIONS
COMMUNITY CONNECTION THROUGH
RECREATION AND PLAY

Work begins on Civic Centre project

Last year was an exciting year for the Civic Centre project – the largest project in Spruce Grove’s history!

In the first part of 2022, work focused on finalizing the design concept of the building, as well as budget approval.

After the advanced design work was complete in early fall, an official groundbreaking ceremony for the project was held in November.

Located north of Westwind Drive in the Westwind development, the Civic Centre will provide a mix of recreational and cultural amenities for residents, including a spectator arena, a community arena, a satellite location for the Spruce Grove Public Library and a black box theatre.

Construction started in late 2022 and is expected to continue until 2024, with plans to open to the public in 2025.

The Civic Centre project has been made possible through the support of several stakeholders including the Government of Alberta’s Municipal Sustainability Initiative, a funding contribution from Parkland County, the support of the Town of Stony Plain, and other partners and groups.

For more details and renderings of the building, visit sprucegrove.org/CivicCentre.

TIMELINE



2022
PLANNING AND DESIGN

2022-2024
CONSTRUCTION

2025
OPENING TO THE PUBLIC



Spruce Grove City Council celebrated the start of the Civic Centre project with an official groundbreaking event in November 2022. Council was joined by Spruce Grove-Stony Plain MLA Searle Turton, Town of Stony Plain Mayor William Choy, Parkland County Mayor Al Gamble, and representatives from PCL Construction, GEC Architecture and Cantiro.

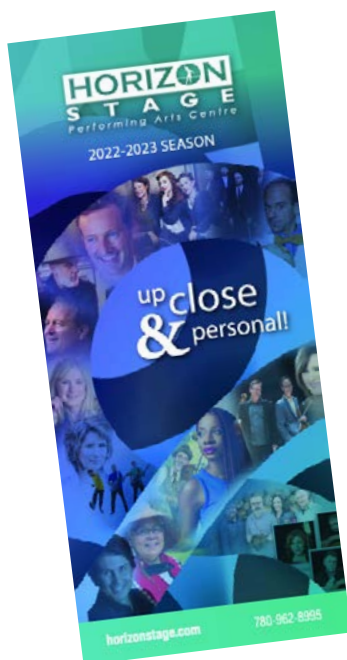


A new piece of public art for Spruce Grove

A new public mural was unveiled in 2022, inside the Grove Drive pedestrian tunnel. Titled United, the mural captures the beauty of community and the spirit of togetherness we all foster and value. The lead artist was local youth Justin Beamish and working alongside him were youth volunteers from the Leaders in Training program as part of our Summer in the City summer camps. It was an exciting opportunity for these young artists to participate in a large-scale project and leave a lasting mark on our community. Learn more about the Leaders in Training program on page 21.

Two additional murals were funded in 2022, both to celebrate the Spruce Grove Agricultural Society's 50th Anniversary and the Society's contribution to the community. One piece was unveiled in May and is located at the current Ag Society location. The other is located on the west side of the Agrena and installed in early 2023. The cost of the three mural projects was \$30,000.

The City, in collaboration with the Allied Arts Council and other community representatives, will implement a formal public mural program in 2023 to facilitate the creation of even more public art throughout the community. Read more about Spruce Grove's public murals at sprucegrove.org/Murals.



Raising the curtain on a new season at Horizon Stage

Horizon Stage welcomed back audiences in the fall of 2022, for the first full season of shows and performances in more than two years. Over 6,400 tickets were sold; from a hypnotist to a children's entertainer, tributes to Billy Joel and Elton John, a Halloween celebration and two special Christmas performances, there was something for everyone.

The Horizon Stagelighter Society and Horizon Stage Tech Team logged a combined 1,406 hours of volunteer service in their efforts to bring the stage to life. Horizon Stage continues to be a place to celebrate and enjoy the performing arts, where we can come together as a community and connect over our shared love of theatre, music, dance, and other community presentations. Read more about upcoming shows and performances at horizonstage.com.



COMMUNITY CONNECTIONS
COMMUNITY CONNECTION
THROUGH CULTURE EXPERIENCES

Coming together to celebrate, connect and grow

After a couple of years apart, Spruce Grove residents were eager to gather as a community in 2022, and there was no shortage of opportunities. Our popular City-led events and programming drew thousands of people who were ready to connect with their neighbours, celebrate and have fun.





Canada Day

Our Canada Day celebration was a special one in 2022; not just because it was Canada's 155th birthday, but also because it marked the first time since 2019 that we were able to gather in person as a community to celebrate the occasion. It's estimated more than 10,000 people attended the celebration at Jubilee Park to have some fun and show off their national pride. The day kicked off with a pancake breakfast at the Protective Services building, followed by family-friendly activities and games at Jubilee Park, a concert by Canadian country music icon Charlie Major, and a dazzling fireworks show to cap off the day. Details on this annual event can be found at sprucegrove.org/CanadaDay.

Seniors' Strawberry Tea

In June, Spruce Grove seniors gathered at Living Waters Christian Academy for the Seniors' Strawberry Tea; the first time the event had been held since 2019. The gathering is traditionally held every summer as part of Alberta Seniors' Week. Those in attendance were treated to tea, refreshments, and musical entertainment.

Summer in the City

A new selection of art-based camps was added to the Summer in the City lineup in 2022, and over 80 per cent of participants and parents say they were overly impressed with the overall experience. Art Explorer camps provided participants the opportunity to try out a variety of artistic techniques and mediums, learn new skills, and experiment with different materials, while the week-long Adventure Camps gave campers the opportunity to make friends, experience new activities, and express themselves through learning and play. In total, 109 youth and teens took part in the Art Explorer camps, along with 179 participants in Adventure Camps. Summer in the City information can be found online at sprucegrove.org/SITC.

The Leader in Training program provided 42 teens nearly 1,800 hours of work experience and valuable leadership skills as they helped to run the Summer in the City camps including Adventure Camp, Art Explorer Camp, and Pop-Up Playground. The teens also attended valuable training sessions, helped plan programs, lead activities, and participated in field trips. For details visit sprucegrove.org/Leaders.

Block Party program

Forty-six block parties were hosted in Spruce Grove in 2022, ranging in size from 15 people to over 250! The City's Block Party program encourages residents to get to know their neighbours and connect with their community. Over 90 per cent of block party hosts said they would host again in the future. Survey respondents said block parties helped them become more trusting of people in their neighbourhood, helped them get to know more of their neighbours by name, and gave them a stronger sense of community. For program details visit sprucegrove.org/BlockParty.

Light Up

Central Park was transformed into a sparkling spectacle of light in late November when we switched on more than 250,000 glimmering bulbs during the annual Light Up celebration. Over 8,000 people were on hand for Spruce Grove's traditional kick off to the holiday season and enjoyed games, crafts, activities, food, and free skating and curling. See the transformation at sprucegrove.org/LightUp.





COMMUNITY CONNECTIONS
COMMUNITY CONNECTION
THROUGH CULTURE EXPERIENCES

Community-initiated events offer fun, food and culture

Spruce Grove residents were treated to a wide range of community-initiated events in 2022 from markets and live music to agricultural demonstrations and of course... food! These events were planned and organized by community organizations and supported by the City.

Ribfest and Market

The second annual Grove Rotary Ribfest was held in 2022 and included some great ribs, other festival foods, live music and much more. The City was proud to support the Rotary Club of Spruce Grove in organizing the event in late July. There was also a family fair hosted by the Spruce Grove Public Library, a skatepark competition hosted by the Spruce Grove Skate Park Society, an outdoor market put on by the City Centre Business Association, and a car and motorcycle show organized by the Rotary Club of Parkland After Dark.

City Centre Market

The Spruce Grove City Centre Business Association in partnership with the City, hosted the City Centre Market on August 14. The event was uniquely programmed to display the talents of the diverse set of vendors who had an opportunity to showcase their products to a much wider audience. The event also included live entertainment and kids' activities.

Agra Fair

The Spruce Grove & District Agricultural Society celebrated its golden anniversary in 2022 and marked the occasion by hosting the Agra Fair in late August. The event included a variety of activities including a pancake breakfast, local vendors, food trucks, demonstrations, plays, pony rides and much more to celebrate 50 years as a society. The City supported the event by helping to market it as a tourism opportunity.



Photo: Eric Wingert



Shaping our Community

In October, the City launched Shaping Our Community, an initiative to update the City's Municipal Development Plan (MDP), which will help us build on what we have and create the city we want to be.

The foundation of this document will be our shared values which will guide our future growth. It's incredibly important that we gather input and feedback from all stakeholders in our community including residents, businesses, associations, clubs, and other organizations.

Our engagement with people connected to Spruce Grove will help us identify our values, define our preferences, and inform a policy framework to guide our decision-making, together. The result will be The Shape of our Community, Spruce Grove's Municipal Development Plan.

Project Phases

- **Launch**
- **Public Engagement: Phase One – Values & Drivers**
- **Public Engagement: Phase Two – Options & Preferences**
- **Public Information: Phase Three – Share the outcomes**
- **Draft Policy**
- **Public Information: Phase Four – Share the draft plan**
- **Complete Municipal Development Plan**



Rotary Trail

Construction continued on the Spruce Grove/Stony Plain Trail (Rotary Trail) in 2022 and a section was dedicated to Spruce Grove resident Darwin Park in honor of his many contributions to the community. The project is expected to be completed in 2023.

Rotary Trail is a pedestrian connector between Spruce Grove and Stony Plain, located just north of Highway 16A, alongside Boundary Road, which separates the two municipalities for a total cost of \$1.3 million. It is a multi-use trail that connects to the existing Stony Plain trail along Veterans Way. The Rotary Trail starts near Jennifer Heil Way and goes along Grove Drive. The trail makes commuting between the two communities more accessible and safer for those using alternate modes of transportation. The portion of trail within Spruce Grove's boundaries is now known as the Darwin Park Rotary Trail.

Darwin has been a community volunteer and champion of recreation and wellness in the tri-municipal region for decades. In 2015 he was inducted into the City's Awards of Excellence program in the Community Service category.





Climate Change Action Plan

In 2021, work began to develop a plan to serve as a guiding document for the City to take action on climate change. The Climate Change Action Plan was designed to help prepare the City for the anticipated effects of climate change and to help reduce greenhouse gas emissions moving forward.

In 2022, the Climate Change Action Plan was presented to Council and work is now underway on building the implementation plan. For details, visit sprucegrove.org/ClimateChange.

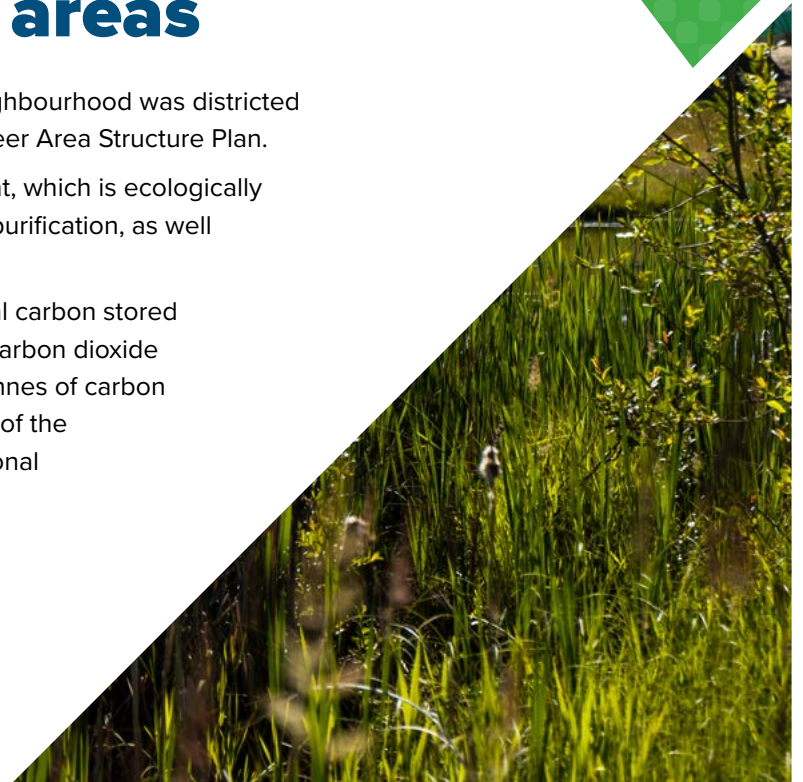


Preserving natural areas

In June 2022, about 20 acres of fen in the Fenwyck neighbourhood was districted as Environmental Reserve as part of the City's East Pioneer Area Structure Plan.

This area is locally unique due to the extent of fen habitat, which is ecologically significant as it provides regulation of water flow, water purification, as well as high quality habitat for both plant and animal species.

Fens are also known as high value carbon sinks; the total carbon stored at the fen in Fenwyck is estimated to be 19,820 tons of carbon dioxide equivalent. It is also estimated to sequester about 60 tonnes of carbon dioxide equivalent per year. As part of work coming out of the Climate Change Action Plan, the City will conduct additional natural asset analysis in this area.





Spruce Grove Transit

In 2022 several changes and adjustments were made to Spruce Grove Transit to enhance the service.



On-demand local transit expansion

In 2022, work commenced to integrate Spruce Grove's on-demand local transit service with Stony Plain Transit and Acheson Transit to establish a single, on-demand local transit system, which launched in January 2023. The integrated system creates more flexibility in local transit services and allows users to book rides on-demand in and around Stony Plain, Spruce Grove, Acheson, and Parkland Village through a single booking platform. There are over 500 pick-up and drop-off locations. Riders can easily book a trip online, over the phone, or by downloading the Pick-Up On Demand app.

sprucegrove.org/OnDemandTransit

Arc system

In 2022, a more convenient and flexible way to pay for and take transit launched for Spruce Grove Transit along with Beaumont, Edmonton, Fort Saskatchewan, Leduc, Strathcona, and St. Albert. Arc is an electronic fare payment system that makes paying for and riding transit easier and more convenient and in November, adult standard riders were added to the system. Using an Arc card, riders can conveniently tap on and off buses (and the LRT in Edmonton) without needing to carry exact change or paper tickets and passes, and more fare groups are expected to be added in 2023. For more information visit myArc.ca.

Youth transit promotion

Over the summer, a transit promotion for youth riders was successfully launched that resulted in approximately 1,100 single ride tickets used. The promotion increased awareness of transit services and encouraged more youth ridership on Spruce Grove Transit. A free booklet of 10 single ride tickets was distributed to every high school student. Tickets were valid throughout the summer for passengers aged 18 and under on all Spruce Grove Transit routes.

Transit customer support

In order to enhance customer service and support to transit riders, a dedicated team was set up in 2022 to respond to resident questions and other inquiries related to Spruce Grove Transit. If you have questions about our on-demand local transit, the commuter service, or your Arc card, call 780-962-7634 ext. 193 or send an email to transit@sprucegrove.org.

Transit ridership

Route 560

- 2020 – 55,437
- 2021 – 39,334
- 2022 – 77,693

On-demand local transit

- 2021 – 4,645
- 2022 – 14,941





Spruce Grove Transit Centre Project

The City of Spruce Grove is creating a new transit centre to meet the growing transportation needs of our community. The Spruce Grove Transit Centre is being developed in conjunction with the Civic Centre project (see page 18 for more details on the Civic Centre project), which had a groundbreaking event in November 2022.

The Transit Centre will serve as the central location for all commuter service in and out of Spruce Grove. It will also be a regular stop for our local on-demand transit service, providing patrons of the Civic Centre another way to get there and enjoy all its amenities.

Locating the Transit Centre and the Civic Centre close together will maximize land usage and provide shared parking for both facilities. There will be no cost to users to park to use either facility.

The facility design features a platform island with heated shelter for transit users to wait for their bus comfortably in all seasons. It is scheduled to open in 2024.

In June 2022, City Council approved the \$4.222 million budget for the Transit Centre. This project is funded by \$397,000 from the Government of Canada (through the Investing in Canada Infrastructure Program), and by the Government of Alberta (\$1.982 million from the Municipal Sustainability Initiative and \$1,843,000 from GreenTRIP).



Electric vehicle charging stations

In 2022, grant funding was received from the Municipal Climate Change Action Centre (MCCAC) to proceed with installing electric vehicle charging stations around Spruce Grove. In 2023, 12 charging stations will be set up between Fuhr Sports Park, the Agrena, and City Hall. Installation is expected to be complete in spring 2023.



Eco Centre

Did you know the City has an Eco Centre where you can drop off items that can't be placed in your black waste cart, blue recycling bag or green organics cart? Household hazardous waste, electronics, appliances and extra garbage are also accepted at the Eco Centre.

In 2022, the Eco Centre had 32,411 visitors and collected:

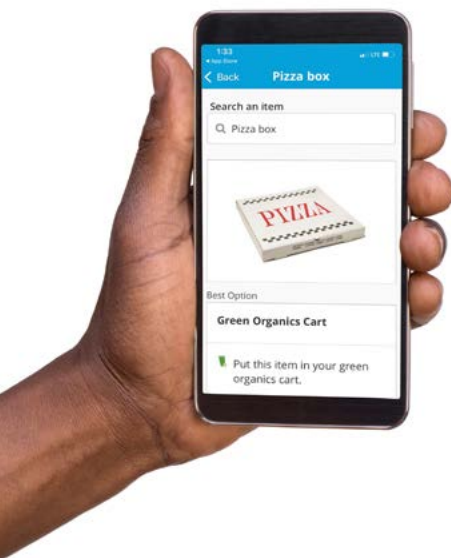
- 39.07 tonnes of blue recycling bags
- 100.8 tonnes of cardboard
- 281.89 tonnes of metal
- 252.48 tonnes of organics
- 575.07 tonnes of waste

Find it at:

- 50 Diamond Avenue
- Monday to Saturday: 10 a.m.–5:30 p.m.
- Sunday: Closed
- Statutory holidays: Closed



IN 2022,
**4222 TONNES OF
RESIDENTIAL ORGANICS
AND RECYCLING**
WERE DIVERTED FROM
LANDFILLS, WHICH
IS A DIVERSION RATE
OF 37.64%.



Sort with Success

Residents made good use of the Trim your Trash app in 2022. The free mobile app provides reminders, online calendars, and waste sorting tips. Check it out at sprucegrove.org/Sort.

FIRST-TIME VISITORS **22,607**

ITEMS VIEWED **43,832**

CALENDAR VIEWS **26,645**

REMINDERS CREATED **715**

GAMES PLAYED **636**



Revitalization continues in the City Centre

Work on the revitalization of Spruce Grove's City Centre continued in 2022 with a focus on rehabilitating the underground infrastructure in the area.

These underground upgrades will support service to existing businesses and residents, while also creating opportunity for new development in the City Centre.

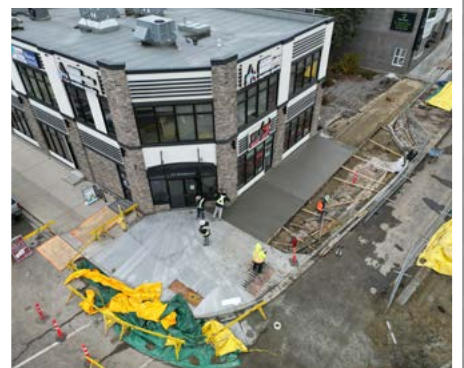
The redevelopment of Columbus Park was also completed in 2022 and a ribbon cutting ceremony was held with Spruce Grove City Council and members of the City Centre Business Association to officially re-open the park.

Both these initiatives are part of the overall City Centre Area Redevelopment Plan (CCARP), a \$42 million multi-year investment which was approved by Council in 2020. The CCARP is focused on revitalizing the area and making the City Centre a place where people come to shop, dine, socialize and participate in events.

A "shop local" campaign was also created, encouraging residents of Spruce Grove to continue to support locally owned businesses during construction. A significant feature was the launch of a new website, **CityCentreOpenForYou.ca**, that includes an interactive map of businesses and parking locations in the area. In 2022, 6,108 people visited the site!

Construction will continue into 2023, focusing on surface work and landscaping.

There is a dedicated project website for the City Centre Area Redevelopment Plan, with information and updates on project work. The site will continue to be updated in 2023 as redevelopment work continues in the City Centre. For more information and to sign up for project updates, visit sprucegrove.org/CCARP.

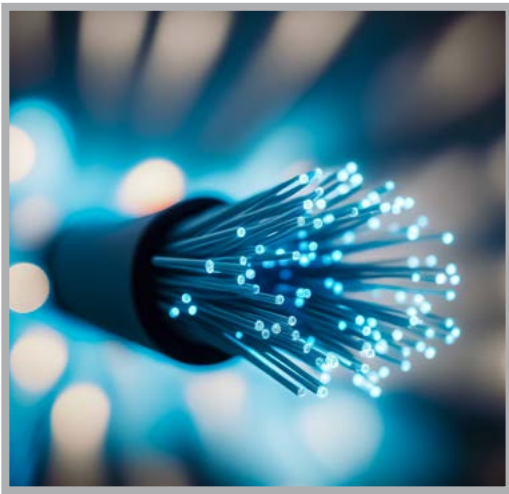




Supporting local businesses

The City of Spruce Grove joined the Digital Economy Program to offer small businesses an opportunity to transform their online presence. The Canada Digital Adoption Program (CDAP) will also help small and medium sized businesses accelerate their digital transformation to fuel

economic recovery. Businesses were able to learn about website SEO and social media analytics to help move them forward in a digital world. So far, 109 businesses have signed up! More information about the program can be found at InvestSpruceGrove.ca.



Fibre optic installation

In 2022, the City partnered with Telus to invest over \$54 million to connect homes and businesses in Spruce Grove directly to a fibre optic network. Through this collaboration, the City contributed \$4.25 million towards building out connectivity throughout the industrial areas of Spruce Grove, and Telus invested the remaining \$50 million to connect other homes and businesses within City limits.

Installation in the industrial area was completed in late 2022 and the majority of homes and businesses are expected to be connected by early 2023. Once complete, over 90 per cent of the premises in Spruce Grove will have access to the fibre optic network.

New CityView portal launched

The CityView portal was launched in 2022, making it easier and more convenient for builders, developers, business owners, and residents to apply for permits, business licences, and other related applications.

Benefits of the new portal include:

- Applying online 24/7 for development permits, construction and trades permits, lot grading, business licences and other applications and approvals provided by the City
- Submitting required documents via the CityView portal and see all applications and documents in one place
- Viewing the status of existing applications
- Paying fees online with a credit card
- Benefitting from faster processing times due to CityView system efficiencies

Find CityView online at sprucegrove.org/CityView.





2022 construction projects

It was a busy construction season in 2022! Various projects to enhance the City's roadways, utilities, buildings, parks, and facilities were completed last year.

Roadways

- Surface repairs to Grove Meadows, Spruce Garden, and Lakewood neighbourhoods
- Pioneer Road roundabout repairs were completed
- Work began on establishing a high load corridor (work will continue into 2023)
- Complete street and underground rehabilitation started on Main Street and McLeod Avenue as part of the City Centre Area Redevelopment Plan

Water main and storm network

- Storm sewer upgrades on Fairway Drive
- Replaced several catch basins throughout the city
- Replaced the watermain and sewers on Jespersen Avenue

Parks and trails

- The redevelopment of Columbus Park was completed
- The Spruce Grove portion of the Spruce Grove/Stony Plan trail was completed

Thank you for everyone's patience as we continue to complete construction projects throughout the city!

As part of the City's commitment to supporting our community's infrastructure, in 2022 the City continued with a dedicated one per cent tax increase that was implemented in 2021 and used to fund the lifecycle maintenance of City-owned assets. This is part of the City's work in support of fiscal sustainability that aims to fund the costs of today, while also considering the financial needs of tomorrow.



2022 BUILDING PERMIT ACTIVITY



780
TOTAL
BUILDING
PERMITS



76
COMMERCIAL,
INDUSTRIAL, AND
INSTITUTIONAL
PERMITS



242
RESIDENTIAL
PERMITS



359
RESIDENTIAL
IMPROVEMENT
PERMITS

COMBINED TOTAL BUILDING PERMIT VALUE: **\$7.7 MILLION**



Bylaw and Policy Review

The City of Spruce Grove began an extensive bylaw and policy review to help improve transparency and program and service delivery. The first phase of this project was to review bylaws and policies to find those that had become redundant, expired, or if they have been superseded by provincial legislation, matured systems or processes within the City. In 2022, 70 bylaws and policies were either repealed or rescinded.

The second phase involves updating existing policy documents. Nine projects have been launched to date and the work will continue into 2023.

Fostering Relationships

The City continued to foster relationships within the Tri-Municipal Region and Edmonton Metropolitan Region to advocate for regional priorities and advance operational and strategic goals. This included its existing involvement with the Edmonton Metropolitan Regional Board, the Tri Region CAO Secretariat and Edmonton Global.

Beyond the Tri-Municipal Region, the City also continued to foster relationships province-wide as a member of Alberta Municipalities. And, on behalf of the City, Mayor Jeff Acker is an executive member of the Mid-Sized Cities Mayors' Caucus where he works with other Alberta mayors to build relationships and identify opportunities to work together to solve challenges faced by mid-sized cities.



(From left to right) Dan Duckering, Chief Arthur Rain of Paul First Nation, Stony Plain Mayor William Choy, Chief Billy Morin of Enoch Cree Nation, Parkland County Mayor Allan Gamble, and Spruce Grove Mayor Jeff Acker at the 2022 State of the Region Address on March 31, 2022.



LOOKING AHEAD TO 2023

While there is much to celebrate from 2022, City Council and Administration are also looking ahead to 2023 and using long-term planning to help pave the way for continued success for Spruce Grove. This includes a continued focus on implementing Council's priorities as outlined in the 2022-2025 Strategic Plan, which can be viewed online at sprucegrove.org/StrategicPlan.

Civic Centre

Following the official groundbreaking ceremony in November 2022, construction work on the Civic Centre project will continue throughout 2023 and 2024 with an anticipated opening to the public in 2025. Details on this historic project can be found at sprucegrove.org/CivicCentre.

Municipal census

A municipal census will be completed between April and June 2023. The information collected through online and door to door enumeration will provide the City with an official count of the number of people living in Spruce Grove. Furthermore, census data can be used by Council and staff to help make informed decisions about future growth and the delivery of services.



Economic Development Strategy and Action Plan

In 2023, the City's Economic Development Strategy and Action Plan (2023-2027) will be updated in collaboration with the Economic Development Advisory Committee. The strategy is intended to position the city for success in a rapidly changing global economy. Investing in our City Centre, supporting the small business community, and enabling businesses to succeed are all key priorities that will drive investment and employment opportunities for residents. The goal is for Spruce Grove's economy to continue to grow and diversify, demonstrating long-term sustainability in a thriving community.



Community Standards Bylaw

Work on a new Community Standards Bylaw will occur in 2023. This bylaw will incorporate several topics to ensure residents can all enjoy a safe and healthy environment in both private and public spaces. Community consultation is being planned as part of this process and findings are expected to be shared with Council in late 2023.

Social Sustainability Plan

A refresh of the Social Sustainability Plan is being planned for 2023. This work will update some existing planning documents into a single action-oriented plan that is aligned with City Council's Strategic Plan. Additionally, it will identify the direction that both City Administration and community partners need to take to move the needle on some of the complex social issues facing Spruce Grove. There will be a strong emphasis and focus on building capacity, neighbourhood/community connections, and a sense of belonging.

Fiscal Stewardship Framework

In 2023, work will commence on the development of a Fiscal Stewardship Framework to maximize efficiency in the use and stewardship of taxpayers' dollars, address revenue and expenditure requirements over the long-term, adhere to an acceptable level of taxation and user fees and implement best practices and controls for effective management and transparent reporting. The framework will achieve these outcomes through the implementation of financial sustainability principles and strategies that will be identified as part of the framework.

Community Development Framework

Community development is grounded in the belief that building community is best accomplished through working collaboratively, sharing ideas, and empowering people to make decisions that positively impact their quality of life.

Spruce Grove is full of many groups and volunteers who help make our community the best place to live, play and work, and the City is committed to supporting these volunteers and

groups in their vision and efforts by helping with activities such as strategic planning, fund development, volunteer recruitment, and policy and procedure development.

To support City staff in this work with community groups and volunteers, a Community Development Framework will be developed in 2023 to provide a common language, core beliefs, overarching principles, and basic practices.



FINANCIAL SECTION



FINANCIAL STATEMENT DISCUSSION & ANALYSIS DECEMBER 31, 2022

This Financial Statement Discussion & Analysis (the “FSD&A”) provides an explanation of the significant items, transactions and events presented in the City of Spruce Grove’s audited consolidated financial statements and the trends and factors that influenced them. It provides readers with information regarding recent financial performance and speaks to the City’s financial practices and evolving strategies. This report has been reviewed by the auditors and included in the City’s 2022 Annual Report. Section 276 of the *Municipal Government Act* outlines financial reporting requirements for municipalities. The City’s financial statements ensure the City of Spruce Grove meets those requirements. An equally important goal is to provide openness and transparency of financial reporting for all stakeholders, as this helps to foster stakeholder trust in the decisions of City Council and the financial management of the City. Analysis of the financial statements also provides insight into financial conditions to inform future decision making.

The City is engaged in many relationships that have an impact on financial decisions. The City’s closest relationships exist with its tri-municipal region partners, the Town of Stony Plain and Parkland County. There are joint service agreements and shared commitments to capital projects. One facility that has showcased that tri-municipal relationship is the TransAlta Tri-Leisure Centre; jointly built and operated by the municipalities through a Part IX company. The City’s proportionate share of that facility’s operation is consolidated in the financial statements that are the subject of this FSD&A. The Spruce Grove Public Library is also consolidated within these statements.

This discussion should be read in conjunction with the audited consolidated financial statements and accompanying notes. The City's 2022 audited consolidated financial statements include:

Consolidated Statement of Financial Position

- This statement reports on the City's financial assets, liabilities, net debt, non-financial assets and accumulated surplus at December 31 year-end. This statement can be used to analyze the City's ability to finance future activities and fulfill past commitments.

Consolidated Statement of Operations and Accumulated Surplus

- This statement reports the revenues earned and expenses incurred in the year with the resulting annual surplus (deficit) and summarizes the change in the resulting accumulated surplus.

Consolidated Statement of Changes in Net Debt

- This statement reports the City's net debt position and changes to that position at year-end.

Consolidated Statement of Cash Flows

- This statement reports the cash resources provided by operating, capital, investing, and financing activities, and how those resources were used during the reporting period. Net changes to cash and cash equivalents since the last reporting period are evidenced in this statement.

ROLES AND RESPONSIBILITIES

Management bears full responsibility for the preparation of this discussion and the consolidated financial statements, paying close attention to the integrity, relevance and comparability of the data within the statements. These statements are prepared in accordance with the Canadian Public Sector Accounting Standards. The external audit firm of KPMG LLP is appointed by City Council to express an audit opinion on the financial statements. The auditors issued an unqualified opinion on these consolidated financial statements.

2022 FINANCIAL HIGHLIGHTS & TREND ANALYSIS

A significant driver of City revenue is economic activity, which affects the number of taxable properties, influences construction activity, and impacts the demand for City Services. Overall economic conditions began to improve in 2022 post-pandemic, which led to an increase in development activity. Growth in 2022 was projected to be 2.52%, but actual growth came in at 2.61% for the year.

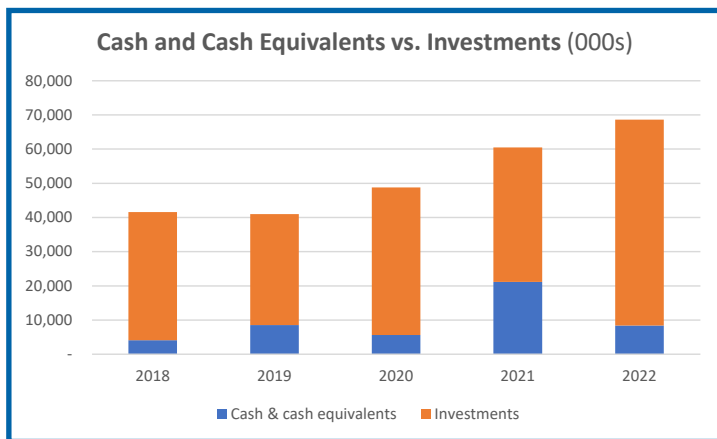
FINANCIAL ASSETS

The Financial Assets of the municipality are made up of cash and cash equivalents, accounts receivable, investments and land held for resale. In comparison to 2021, overall financial assets increased by \$8 million primarily due to more cash in investments at the end of 2022. In 2021, the City was required to use funds in its high interest saving account to satisfy cash requirements in the second half of the year. Accounts receivable increased in 2022 primarily due to an increase in development activity, which resulted in the signing of fifteen new developer agreements. Land held for resale increased slightly in 2022 as the City incurred some costs to develop City owned land to prepare it for future sale.

Cash and Cash Equivalents

From December 31, 2021, cash balances decreased by \$12.8 million, resulting in an ending balance at December 31, 2022 of \$8.4 million:

- \$29.7 million in cash was generated from operating activities.
- \$21.1 million was invested in capital assets; offset by a small amount of proceeds from disposals of tangible capital assets.
- The City purchased \$35.4 million of investments; offset by \$14.5 million in proceeds on disposal of investments.
- New debt of \$2.4 million was taken out to fund the construction of underground utility infrastructure in the City Centre area; offset by principal repayments of \$2.9 million.



Receivables

Receivables to the City increased by \$0.8 million to \$17.6 million at the end of 2022. This increase is primarily the result of increased development activity, which was evident by the number of developer agreements signed during the year. Fifteen new agreements were entered into by the City and developers in 2022. This increase was partially offset by a reduction in insurance receivables as work to repair hail damage to City facilities in a prior year was completed. Receivables are subject to timing of payments and do not present a substantial risk to the City. Note 3 in the consolidated financial statements provides details on Accounts Receivable.

Investments

The City's investments range from short term instruments to longer term bonds with maturity dates ranging from March 2023 to January 2028. These investments generate additional revenue for the City and contribute to fiscal sustainability. In comparison with 2021, the carrying value of investments was \$20.9 million higher, as more investments were disposed of in 2021 to generate funds to cash flow operations in the second half of the year. Note 4 in the consolidated financial statements provides details of the Investments. Investment income earned in the year was \$0.6 million.

LIABILITIES

The City's liabilities are comprised of accounts payable and accrued liabilities, deferred revenues, liabilities for contaminated sites, and long-term debt. Overall, liabilities increased \$2.8 million in 2022. Accounts payable and accrued liabilities and deferred revenue increased in larger proportion to the decrease in long-term debt associated with principal repayments.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are short term payable amounts for the expenses incurred by the City. The payments to vendors, salaries, wages and benefits to employees, and other items that are similar in nature are current and will be paid within the year. At the close of 2022, this account increased by \$0.6 million over 2021 due to timing of payments to vendors, and the fourth quarter payment to the RCMP which was still outstanding at year-end. Note 5 in the consolidated financial statements provides details on Accounts Payable and Accrued Liabilities.

Deferred Revenue

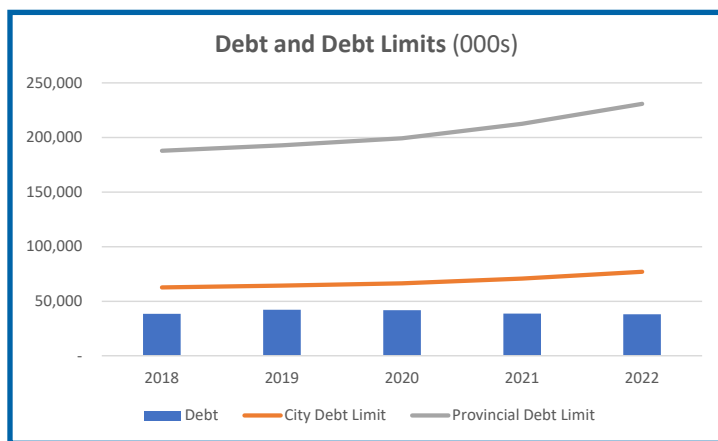
Deferred revenue represents funds received by the municipality under developer, grant or other agreements that have not yet been earned. These funds will be recognized as revenue when used for the purpose specified in the respective agreements. The deferred revenue balance increased by \$2.8 million in 2022. The City received the 2021 annual Municipal Sustainability Initiative (MSI) transfer from the Government of Alberta early in 2022 (\$9.6M) and only used \$6.8M in contributions to fund projects. Of the \$6.8 million, \$4.9M was used to fund costs associated with the Civic Centre, and \$1.0M was used for the collector roadways, local roadways, and lane resurfacing project. Note 7 of the consolidated financial statements provides details on Deferred Revenues.

Liabilities for Contaminated Sites

The City maintains a liability for contaminated sites to reflect that an environmental standard for remediation exists for lands owned by the City, and the projected and estimated contaminations exceed the environmental standard. There is an expectation that future economic benefits will be required to remediate the contamination. There was a small reduction in the liability in 2022 due to some remediation and monitoring work that took place on the historic public works yard and the Pioneer Cemetery sites. Details of the Liabilities for Contaminated Sites can be found in Note 8 of the consolidated financial statements.

Long-Term Debt

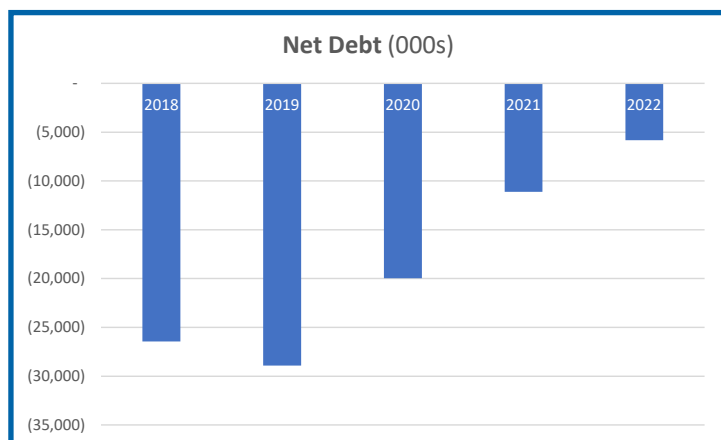
The actual long-term debt of the municipality is \$38.1 million in 2022, down from \$38.6 million in 2021. The allowable provincial limit of long-term debt under section 276(2) of the Municipal Government Act for the City of Spruce Grove is \$154.0 million. By City policy, a self-imposed debt limit of 50 per cent of the provincial limit exists, at \$77.0 million. The City's 2022 borrowing balance of \$38.1 million,



is currently well below both limits. Actual borrowing represents 24.8% of the provincial limit and 49.5% of the City's self-imposed limit. Notes 8 and 9 in the consolidated financial statements provide details on long-term debt and the associated debt limit.

NET DEBT

The City of Spruce Grove's overall net debt position improved from the prior year-end. Net debt was \$11.1 million at the end of 2021 and decreased to \$5.8 million by the end of 2022. The year-end results also came in better than the 2022 projected net debt of \$16.2 million. The improvement in the net debt position can be primarily attributed to lower than planned capital asset acquisitions in 2022.



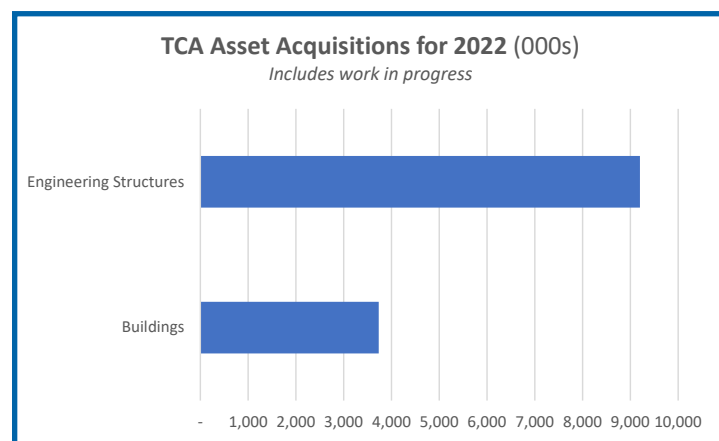
NON-FINANCIAL ASSETS

These assets are predominantly comprised of Tangible Capital Assets (TCA) but also include Inventory and Prepaid Expenses. These assets are used to provide services to citizens. Overall Non-Financial Assets increased by \$9.3 million in 2022 which is attributed primarily to TCA acquisitions. The Consolidated Statement of Financial Position demonstrates the non-financial asset balances.

Tangible Capital Assets

The City accumulates assets through purchase and through contribution from developers. Contributed assets are received from developers upon completion and approval of neighborhoods. Once assets are contributed, the City takes on the responsibility and liability for future maintenance and replacement of these assets. These contributions are recorded as revenue and an increase to accumulated surplus for the City and constitute a future benefit to citizens. For the year, the changes in value of the City's TCA are comprised of:

- \$27.3 million increase in TCA acquisitions, including \$6.1 million in contributed TCA;
- (\$17.8 million) amortization expense; and
- (\$162 thousand) loss on disposal (net of amortization) and (\$143 thousand) in proceeds from disposal of TCA.



Tangible capital assets increased by \$9.2 million, ending the year at \$570.5 million. Note 10 of the consolidated financial statements provides details related to Tangible Capital Assets. Three significant capital projects were underway in 2022: Civic Centre, Spruce Grove Transit Centre, and the City Centre Area Redevelopment Plan (ARP).

ACCUMULATED SURPLUS

The accumulated surplus of the municipality is \$566.0 million of which investment in tangible capital assets represents \$532.9 million. The financial surplus position of the municipality is therefore \$33.1 million or 5.9% of overall accumulated surplus. The financial surplus position has increased from 2021 to 2022. With this financial surplus position, the City is above the Government Finance Officers Association recommended cash flow management

and emergency preparedness range of two to three months of expenses (\$17.8 to \$26.7 million). The current financial surplus position of \$33.1 million is made up of municipal surplus of \$38.1 million (2021 - \$39.3 million), utility surplus of \$7.6 million (2021 - \$4.6 million), and developer deficit of \$12.6 million (2021 - \$15.6 million). Administration is currently in the process of calculating proposed opening reserve balances that will be brought forward to Council for consideration in 2023.

REVENUES AND EXPENSES

Operating results in 2022 show a deficit of \$8.9 million before other capital items of \$23.5 million, resulting in an overall annual surplus of \$14.6 million. The following comments provide additional insight into the year-end surplus:

- Operating Revenues came in slightly higher than budget by \$2.7 million. Overall economic conditions have improved in the City since the start of the pandemic, which has led to an increase in building, development, and electrical permits. Franchise fee revenue was also higher than expected due to increases in ATCO gas delivery tariff revenue and Fortis electrical distribution and transmission rates.
- Operating Expenses were \$1.5 million under budget. Salaries, wages, and benefits came in lower than expected due to vacancies in various departments through the year, and recruitment delays in hiring for some positions. Amortization of tangible capital assets was also under budget due to delays in the timing of completion of some construction projects. These results are being offset by higher than planned contracted and general services, where a large portion of this increase is attributed to higher-than-expected costs to provide snow and ice control services.

Note 13 of the consolidated financial statements provides detail by organizational segment of the revenues and expenses in the City for 2022.

LOOKING FORWARD

In 2023, the City will continue on the journey of building a fiscal stewardship framework and evolving City processes, programs and services to support our growing city. The City will continue to refine the long-term capital planning process through the ongoing development of asset management information and the establishment of reserves for capital lifecycle funding. The fiscal stewardship work will involve the creation and review of necessary financial policies. The City will start down the road of implementing a Clean Energy Improvement Program (CEIP) to make residential and non-residential energy efficiency and renewable upgrades more accessible. The City will also continue to assess the impact and prepare for the implementation of accounting standard PS3280 – Asset Retirement Obligations applicable for the December 31, 2023 year-end.



APRIL 28, 2023

ANTHONY
LEMPHERS

CPA - CGA, BBA
CHIEF FINANCIAL OFFICER

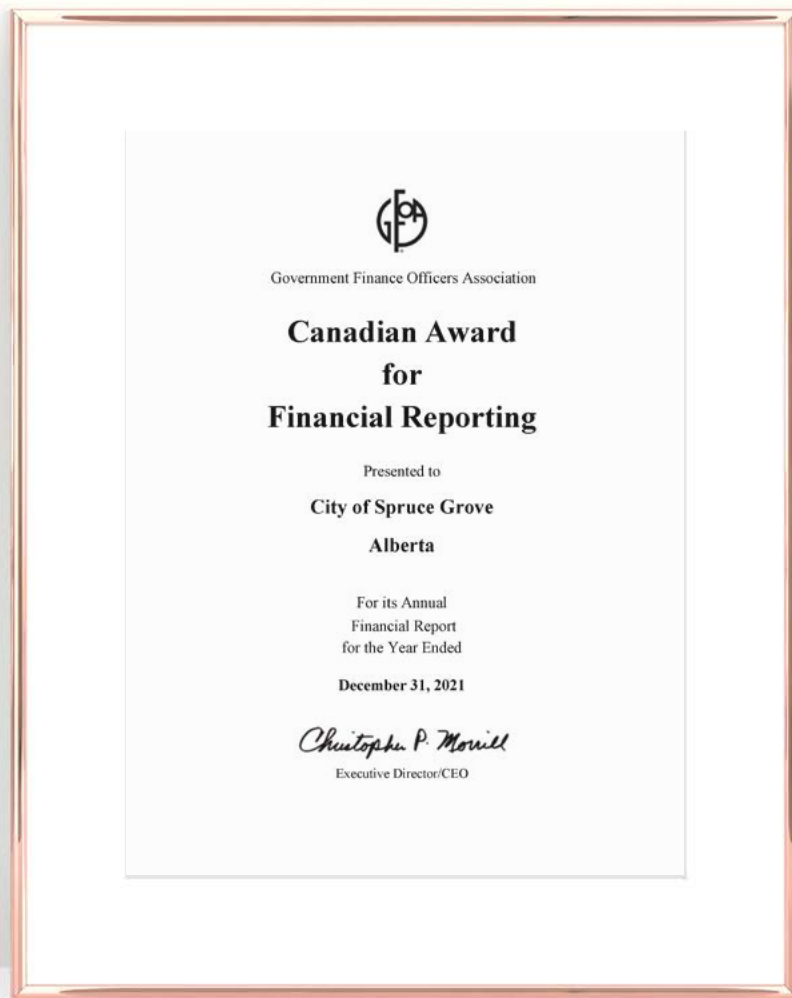
Letter of Transmittal of the Annual Financial Report

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting to the City of Spruce Grove for its annual financial report for the fiscal year ended December 31, 2020. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

In order to be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report,

whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments, and address user needs.

A Canadian Award for Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Canadian Award for Financial Reporting program requirements, and we will be submitting it to GFOA to determine its eligibility for another award.





2022 FINANCIAL SUMMARY

This financial summary is intended to assist with understanding the management of the City of Spruce Grove's resources. It provides an overview of the 2022 financial statements. Unless indicated, all information is presented on a consolidated basis.

City revenue sources

The City of Spruce Grove's 2022 revenue came from a variety of sources:

- **37% Property Tax:** Paid by Spruce Grove property owners to help cover the costs of the services they use within the City. Residents paid approximately 76 per cent of the total property taxes, while businesses pay the remaining 24 per cent.
- **36% Sales and User Fees:** This includes sales to other governments, franchise fees, fines, licenses and permits, rentals and other.
- **5% Contributed Tangible Capital Assets:** Items such as roadways and underground utilities (watermain, stormwater and sanitary sewer systems), which are constructed by developers and transferred to the City to own and manage.
- **10% Government Transfers – Capital:** Funds the City receives from the provincial and federal government, as well as neighbouring municipalities which are used for the construction or acquisition of tangible capital assets.
- **3% Government Transfers – Operating:** Funds the City receives from the provincial and federal governments, as well as neighbouring municipalities which are used to fund for operating programs and activities.
- **9% Other Revenues:** This includes rental revenue, penalties on taxes and utilities, investment income, gains, or losses on disposal of tangible capital assets, developer contribution and levies, and other income.



The City also collects levies on behalf of the provincial government for education and on behalf of the Meridian Foundation for local seniors housing. The City does not use this funding for operations and passes it directly on to the Province of Alberta and Meridian Foundation. The City also does not set or control the amount of these levies.

Financial position

At the end of 2022, future revenues of \$6 million (2021 - \$11 million) were required to pay for past transactions or events.

Surplus funds have accumulated over the history of the City to \$566 million (2021 - \$551 million). Virtually all surplus funds \$533 million (2021 - \$523 million) have been used to acquire or construct roadways, underground utilities, facilities, and other tangible capital assets used to deliver municipal services.

Financial position (\$ millions)	2022	2021
Financial assets	87	79
Liabilities	93	90
Net debt	-6	-11
Non-financial assets	572	562
Accumulated surplus	566	551

Financial activities

The City's financial activities include operating revenue and expenses and capital project revenue and expenditures. 2022 operations produced an annual surplus of \$15 million and \$27 million was used to acquire tangible capital assets.

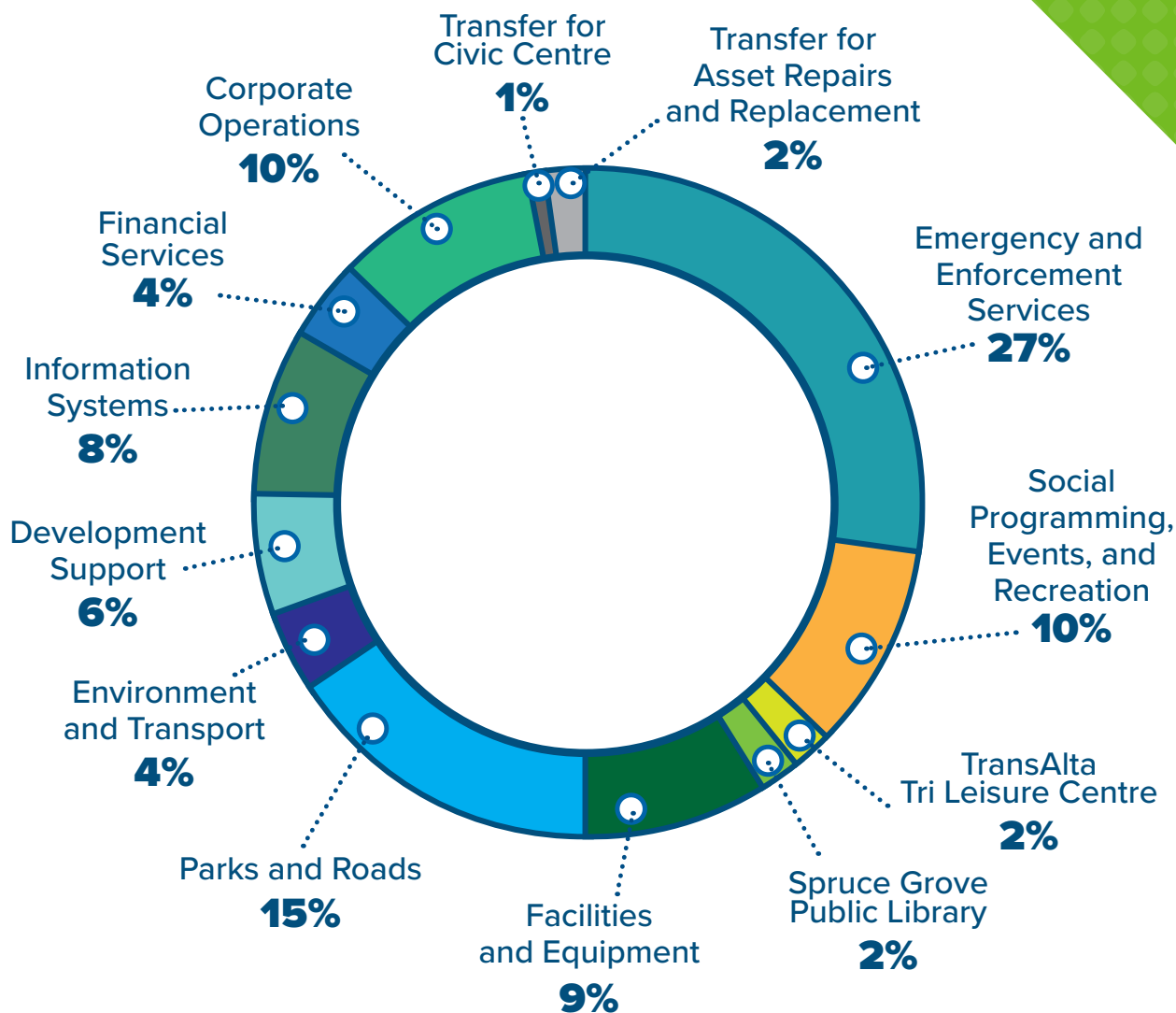
The budget attempts to predict actual results as accurately as possible. Both the 2022 annual deficit from operations and capital asset acquisitions were under budget.

Financial activities (\$ millions)	Budget 2022	2022 ACTUALS	2021 ACTUALS
Revenue – operations	95	98	91
Expenses – operations	108	107	99
Annual deficit from operations	-13	-9	-8
Revenue – capital	36	24	25
Annual surplus	23	15	17
Capital asset acquisitions			
Purchased capital assets	37	21	20
Contributed capital assets	10	6	7
Total acquisitions	47	27	26

Distribution of 2022 tax dollars

(On a non-consolidated basis)

The municipal portion of your property taxes is based on the City's budgeted revenue requirements. This portion is retained by the City and is used to pay for amenities and services for residents and the community as a whole, such as roadways, public transit, public safety, parks and open spaces, programming, and much more! The distribution of tax dollars is illustrated in this chart.





CONSOLIDATED FINANCIAL STATEMENTS

CITY OF SPRUCE GROVE
FOR THE YEAR ENDED
DECEMBER 31, 2022

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MANAGEMENT REPORT

The consolidated financial statements of the City of Spruce Grove (the “City”) are the responsibility of management and have been prepared in accordance with Canadian Public Sector Accounting Standards. The consolidated financial statements include amounts that are based on the best estimates and judgements of management. Management has determined such amounts on a reasonable basis to ensure that the consolidated financial statements are presented fairly, in all material aspects.

Management maintains systems of accounting and administrative controls to provide reasonable assurance that the transactions are appropriately authorized, accurately recorded, that assets are properly accounted for and safeguarded and that the consolidated financial statements reliably report the City’s operating and financial results.

City Council has approved the information contained in the consolidated financial statements.

KPMG LLP has been appointed by City Council to provide an independent audit opinion on the consolidated financial statements.



Anthony Lemphers, CPA, CGA, BBA
Chief Financial Officer, City of Spruce Grove



Dean Screpnek, CPA, CMA, CLGM
City Manager

April 24, 2023
Spruce Grove, AB



INDEPENDENT AUDITOR'S REPORT

To the Mayor and Members of Council of the City of Spruce Grove

Opinion

We have audited the consolidated financial statements of the City of Spruce Grove (the "Entity"), which comprise:

- the consolidated statement of financial position as at December 31, 2022
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2022, and its consolidated results of operations, its consolidated changes in net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants

Edmonton, Canada

April 24, 2023

CITY OF SPRUCE GROVE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2022
(IN THOUSANDS OF DOLLARS)

	2022	2021
Financial Assets		
Cash and Cash Equivalents (Note 2)	\$ 8,408	\$ 21,180
Accounts Receivable (Note 3)	17,574	16,741
Investments (Note 4)	60,203	39,344
Land Held for Resale	868	1,746
	87,053	79,011
Liabilities		
Accounts Payable and Accrued Liabilities (Note 5)	19,777	19,212
Deferred Revenue (Note 6)	33,815	31,065
Liability for Contaminated Sites (Note 7)	1,181	1,208
Long-Term Debt (Note 8)	38,111	38,635
	92,884	90,120
Net Debt	(5,831)	(11,109)
Non-Financial Assets		
Inventory and Prepaid Expenses	1,345	1,229
Tangible Capital Assets (Note 10)	570,485	561,253
	571,830	562,482
Accumulated Surplus (Note 11)	\$ 565,999	\$ 551,373
Contractual Obligations (Note 23)		
Contingent Liabilities (Note 24)		

The accompanying notes are an integral part of these consolidated financial statements.

CITY OF SPRUCE GROVE
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (IN THOUSANDS OF DOLLARS)

	2022 Budget (Note 27)	2022 Actual	2021 Actual
Revenue			
Property Taxes (Schedule 1)	\$ 45,136	\$ 45,235	\$ 42,236
Sales and User Fees	28,527	28,562	26,371
Sales to Other Governments	2,667	2,718	2,828
Franchise Fees	6,770	7,444	6,532
Fines	2,493	2,938	2,434
Government Transfers - Operating (Schedule 2)	3,537	4,009	3,833
Licenses and Permits	1,698	2,321	2,282
Rentals	2,360	2,306	1,768
Penalties	784	795	1,051
Other	806	841	959
Investment Income	339	618	791
	95,117	97,787	91,085
Expenses (Schedule 3)			
General Government	16,039	16,155	16,011
Protective Services	20,974	20,829	19,163
Transportation and Roadway Services	32,522	29,744	26,734
Utilities	21,651	22,609	22,241
Community Services	13,439	13,610	11,836
Development Services	3,582	3,727	3,234
	108,207	106,674	99,219
Annual Deficit before the Undernoted	(13,090)	(8,887)	(8,134)
(Loss) Gain on Disposal of Tangible Capital Assets	-	(162)	26
Government Transfers - Capital (Schedule 2)	25,815	12,585	14,657
Contributed Tangible Capital Assets	9,723	6,060	6,737
Developer Contribution and Levies	388	5,030	3,384
	35,926	23,513	24,804
Annual Surplus	22,836	14,626	16,670
Accumulated Surplus, Opening	551,373	551,373	534,703
Accumulated Surplus, Closing (Note 11)	\$ 574,209	\$ 565,999	\$ 551,373

The accompanying notes are an integral part of these consolidated financial statements.

CITY OF SPRUCE GROVE

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

FOR THE YEAR ENDED DECEMBER 31, 2022

(IN THOUSANDS OF DOLLARS)

	2022 Budget (Note 27)	2022 Actual	2021 Actual
Annual surplus	\$ 22,836	\$ 14,626	\$ 16,670
Inventory and Prepaid Expenses			
Purchased	-	(1,345)	(1,229)
Consumed	-	1,229	1,062
Change in Inventory and Prepaid Expenses	-	(116)	(167)
Tangible Capital Assets			
Contributed	(9,723)	(6,060)	(6,737)
Purchased	(37,353)	(21,279)	(19,515)
Proceeds on Disposal	-	143	855
Loss (Gain) on Disposal	-	162	(26)
Amortization	19,127	17,802	17,773
	(27,949)	(9,232)	(7,650)
Change in Net Debt	(5,113)	5,278	8,853
Net Debt, Opening	(11,109)	(11,109)	(19,962)
Net Debt, Closing	\$ (16,222)	\$ (5,831)	\$ (11,109)

The accompanying notes are an integral part of these consolidated financial statements.

CITY OF SPRUCE GROVE

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

(IN THOUSANDS OF DOLLARS)

	2022	2021
Cash Provided by (Used In):		
Operating Activities		
Annual Surplus	\$ 14,626	\$ 16,670
Items not involving cash:		
Amortization	17,802	17,773
Loss (Gain) on Disposal of Tangible Capital Assets	162	(26)
Contributed Tangible Capital Assets	(6,060)	(6,737)
Change in non-cash working capital balances:		
Increase in Accounts Receivable	(833)	(1,562)
Increase in Accounts Payable and Accrued Liabilities	565	4,371
Increase in Deferred Revenue	2,750	3,248
Decrease in Liability for Contaminated Sites	(27)	(42)
Increase in Inventory and Prepaid Expenses	(116)	(167)
Decrease in Land Held for Resale	878	-
	29,747	33,528
Capital Activities		
Purchase of Tangible Capital Assets	(21,279)	(19,515)
Proceeds on Disposal of Tangible Capital Assets	143	855
	(21,136)	(18,660)
Investing Activities		
Purchase of Investments	(35,385)	(51,944)
Proceeds on Disposal of Investments	14,526	55,745
	(20,859)	3,801
Financing Activities		
Long-term Debt Issued	2,400	-
Long-term Debt Repaid	(2,924)	(3,118)
	(524)	(3,118)
(Decrease) Increase in Cash and Cash Equivalents	(12,772)	15,551
Cash and Cash Equivalents, Opening	21,180	5,629
Cash and Cash Equivalents, Closing	\$ 8,408	\$ 21,180

The accompanying notes are an integral part of these consolidated financial statements.

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS OF DOLLARS)

The City of Spruce Grove (the "City") is a municipality in the Province of Alberta, Canada and operates under the provisions of the *Municipal Government Act, RSA, 2000 cM-26, as amended* ("MGA").

1. Significant Accounting Policies

The consolidated financial statements of the City are the representations of management prepared in accordance with Canadian Public Sector Accounting Standards. Significant accounting policies adopted by the City are as follows:

a. Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenses, and accumulated surplus of the reporting entity. The reporting entity is comprised of all organizations which are owned or controlled by the City, and are, therefore, accountable for the administration of their financial affairs and resources.

The reporting entity includes all divisions and departments that comprise City operations, the City of Spruce Grove Library Board and the TransAlta Tri Leisure Centre. Inter-organizational transactions and balances between these entities have been eliminated.

The City is associated with various other boards, commissions and other organizations that are not part of the government reporting entity.

Property taxes levied include requisitions for education and seniors housing organizations that are not part of the government reporting entity. The consolidated financial statements exclude any trusts under administration for the benefit of external parties.

b. Financial Assets

i. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and cash equivalents that are highly liquid with original maturities of three months or less. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment purposes.

ii. Investments

Investments are recorded at amortized cost. Discounts and premiums arising on the purchase of investments are amortized over the term of the investment. Should there be a loss in value that is not considered temporary, the respective investment is written down to recognize the loss.

Investment income is reported as revenue in the period earned. When required by agreement or legislation, investment income earned on deferred revenue is added to the deferred revenue balance.

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS OF DOLLARS)

1. Significant Accounting Policies (continued)

b. Financial Assets (continued)

iii. Land Held for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes amounts for acquisition, land improvements, sales commission and interest. Interest is capitalized whenever external debt is issued to finance the acquisition of land held for resale. Repayments of interest from third parties reduces the amount of capitalized interest.

c. Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They are not intended for sale in the ordinary course of operations.

i. Tangible Capital Assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the tangible capital assets. The cost, less residual value of tangible capital assets, excluding land, is amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful Life in Years
Land Improvements	15 - 25
Leasehold Improvements	Life of the Lease
Buildings	25 - 50
Engineered Structures	20 - 75
Machinery & Equipment	4 - 20
Vehicles	8 - 25

Construction in progress is not amortized until the asset is available for productive use.

ii. Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are recorded as revenue.

iii. Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS OF DOLLARS)

1. Significant Accounting Policies (continued)

c. Non-Financial Assets (continued)

iv. Works of Art and Cultural and Historic Assets

Works of art and cultural and historic assets are not recorded as tangible capital assets and are not amortized.

v. Inventory

Inventory is comprised of supplies held for consumption and is recorded at the lower of cost and replacement cost.

d. Revenue Recognition

i. Revenue

Revenues are recognized in the period in which they are earned and measurable. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

ii. Tax Revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisition over-levies and under-levies arise from the difference between the actual tax levy made to cover each requisition and the actual amount requisitioned. Where the actual levy differs from the requisition, the requisition tax rate is adjusted in the subsequent year.

iii. Developer Contributions

Developer contributions are recognized as revenue in the period they are used for the purpose specified.

iv. Developer Offsite Levies

Offsite levies are collected from developers upon the execution of a development agreement as per the offsite levy bylaw. These funds are restricted to fund the construction of specific infrastructure and are recognized as revenue once the infrastructure has been built and the City has provided a construction completion certificate.

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS OF DOLLARS)

1. Significant Accounting Policies (continued)

d. Revenue Recognition (continued)

v. Government Transfers

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. These transfers are not the result of an exchange transaction, and are not expected to be repaid in the future, or the result of a direct financial return. Revenue is recognized in the period when events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

e. Expenses

Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

f. Liability for Contaminated Sites

A liability for remediation of a contaminated site is recognized at the financial statement date, when:

- (a) an environmental standard exists;
- (b) contaminations exceed the environmental standard;
- (c) the municipality owns the land; or is directly responsible; or accepts responsibility;
- (d) it is expected that future economic benefits will be given up; and
- (e) the liability can be reasonably estimated.

The liability is estimated to cover remediation, post remediation operation, maintenance and monitoring costs based on information available at the financial statement date.

In some cases, environmental standards are created by internal policy and compliance with such environmental standards may create a liability.

CITY OF SPRUCE GROVE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(IN THOUSANDS OF DOLLARS)

1. Significant Accounting Policies (continued)

g. Use of Estimates

The preparation of the consolidated financial statements of the City requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the period. Where measurement uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. Actual results may differ from those estimates.

Estimates have been used to determine provisions for accrued liabilities, liabilities for contaminated sites, useful lives of tangible capital assets, fair values of contributed tangible capital assets, and provisions for impairment of accounts receivable, investments and tangible capital assets.

In addition, developer contributions and offsite levies utilize forecasted development costs, staging and financing requirements.

h. Future Accounting Standard Pronouncements

The following summarizes upcoming changes to Canadian public sector accounting standards. In 2023, the City will continue to assess the impact and prepare for the adoption of these standards. While the timing of standard adoption may vary, certain standards must be adopted concurrently. The requirements in Financial Statement Presentation (PS1201), Financial Instruments (PS3450), Foreign Currency Translation (PS2601) and Portfolio Investments (PS3041) must be implemented at the same time.

Standard	Name	Effective Date
PS1201	Financial Statement Presentation	April 1, 2022 (December 31, 2023 for the City)
PS3450	Financial Instruments	April 1, 2022 (December 31, 2023 for the City)
PS2601	Foreign Currency Translation	April 1, 2022 (December 31, 2023 for the City)
PS3041	Portfolio Investments	April 1, 2022 (December 31, 2023 for the City)
PS3280	Asset Retirement Obligations	April 1, 2022 (December 31, 2023 for the City)
PS3400	Revenue	April 1, 2023 (December 31, 2024 for the City)
PSG-8	Purchased Intangibles	April 1, 2023 (December 31, 2024 for the City)
PS3160	Public Private Partnerships	April 1, 2023 (December 31, 2024 for the City)

CITY OF SPRUCE GROVE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(IN THOUSANDS OF DOLLARS)

2. Cash and Cash Equivalents

	2022	2021
Cash	\$ 7,613	\$ 20,405
Cash Equivalents	795	775
	\$ 8,408	\$ 21,180

Cash equivalents include investments that have an effective interest rate of 4.80% (2021 - 0.80%) that mature in less than three months.

3. Accounts Receivable

	2022	2021
Property Taxes		
Current Taxes and Grants in Place of Taxes	\$ 1,776	\$ 1,873
Arrears	534	827
	2,310	2,700
Other		
Government Transfers	663	323
Local Improvements	3,093	3,401
Trade and Other	3,456	4,683
Utility	2,503	2,446
Developer Contributions and Levies	5,079	2,752
Goods and Services Tax	245	233
Interest Receivable	431	348
Allowance for Doubtful Accounts	(206)	(145)
	15,264	14,041
	\$ 17,574	\$ 16,741

CITY OF SPRUCE GROVE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(IN THOUSANDS OF DOLLARS)

4. Investments

	Amortized Cost 2022	Market Value 2022	Amortized Cost 2021	Market Value 2021
Bonds	\$ 16,558	\$ 14,642	\$ 16,633	\$ 16,495
GIC	51	51	52	52
Notes	13,243	12,167	12,892	12,829
Other	30,351	30,395	9,767	9,767
	\$ 60,203	\$ 57,255	\$ 39,344	\$ 39,143

Investments in bonds have effective interest rates of 1.29% to 2.93% (2021 - 1.29% to 2.93%) with maturity dates from March 2023 to January 2028. The guaranteed investment certificate (GIC) bears interest at 2.00% (2021 - 0.20%) maturing June 2023. Note investments have effective interest rates ranging from 2.00% to 5.66% (2021 - 2.00% to 3.75%) that are linked to the performance of an equity market index with maturity dates from December 2027 to April 2032. Other investments include a callable interest savings account with an effective rate of 4.80% (2021 - 0.80%). No provision for impairment has been made as the decline in the market value of bonds and notes below amortized cost at December 31, 2022 is considered temporary.

5. Accounts Payable and Accrued Liabilities

	2022	2021
Trade and Accrued Liabilities	\$ 11,704	\$ 10,642
Wages and Benefits	4,009	3,627
Holdbacks	486	416
Deposits	1,514	1,316
Developer Commitments	2,030	3,172
Debenture Interest	34	39
	\$ 19,777	\$ 19,212

CITY OF SPRUCE GROVE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(IN THOUSANDS OF DOLLARS)

6. Deferred Revenue

	2021	Amounts Received and Receivable	Interest and Other	Amounts Recognized	2022
Developer Contributions					
Administration	\$ 145	\$ 72	\$ 7	\$ -	\$ 224
Neighborhood Parks	1,107	293	42	(182)	1,260
Cash in Lieu of MR	194	322	25	-	541
Municipal Reserve	1,728	-	83	-	1,811
District and Regional Parks	-	426	-	(426)	-
Downtown Redevelopment	3	-	-	-	3
Developer Default	-	116	-	(116)	-
Land Acquisition	3	-	-	-	3
	3,180	1,229	157	(724)	3,842
Developer Offsite Levies					
Water	-	113	-	(113)	-
Transportation	-	3,538	-	(3,538)	-
Sanitary Sewer	-	655	-	(655)	-
	-	4,306	-	(4,306)	-
Developer Contributions and Offsite Levies	3,180	5,535	157	(5,030)	3,842
Government Transfers - Capital					
Municipal Sustainability Initiative	20,458	9,602	770	(6,849)	23,981
Canada Community Building Fund	4,014	2,143	116	(2,769)	3,504
GreenTrip	839	-	15	(781)	73
Other	56	2,186	2	(2,187)	57
	25,367	13,931	903	(12,586)	27,615
Government Transfers - Operating					
Municipal Sustainability Initiative	-	260	-	(260)	-
RCMP Policing	-	701	-	(701)	-
Family & Community Support Services	241	616	-	(857)	-
Other	235	2,248	-	(2,191)	292
	476	3,825	-	(4,009)	292

CITY OF SPRUCE GROVE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(IN THOUSANDS OF DOLLARS)

6. Deferred Revenue (continued)

	2021	Amounts Received and Receivable	Interest and Other	Amounts Recognized	2022
Other Revenue					
Sponsorships	644	416	-	(609)	451
Property Taxes	338	11,422	-	(11,401)	359
User Fees	954	6,126	-	(5,998)	1,082
Cash in Lieu of Parking	106	60	8	-	174
	2,042	18,024	8	(18,008)	2,066
	\$ 31,065	\$ 41,315	\$ 1,068	\$ (39,633)	\$ 33,815

7. Liability for Contaminated Sites

	2022	2021
Historic Public Works Yard - salt impacted soil	\$ 108	\$ 128
Pioneer Cemetery - salt impacted soil	1,073	1,080
	\$ 1,181	\$ 1,208

The net present value of the liability for contaminated sites is estimated using the expected cash flow approach.

The estimated undiscounted value of future remediation expenditures is \$1,224 and a discount rate of 3.00% has been used. The City plans to remediate the sites over a 5-year period with an expected completion date of December 31, 2023.

CITY OF SPRUCE GROVE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(IN THOUSANDS OF DOLLARS)

8. Long-Term Debt

	2022	2021
Province of Alberta		
Agrena	\$ 304	\$ 496
Library	340	500
Local Improvements	2,946	3,287
Public Works Facility	4,123	4,305
Storm Upgrades	1,940	2,029
TransAlta Tri Leisure Centre	-	41
Protective Services Facility	4,668	5,017
Industrial Watermain	1,979	2,070
	16,300	17,745
CIBC		
Development	11,158	12,122
RCMP Facility	7,375	7,818
City Centre ARP	2,400	-
	20,933	19,940
Other		
Other	426	498
Westwind Land Assembly	452	452
	878	950
	\$ 38,111	\$ 38,635

The required repayments for the Province of Alberta debt and expected repayments for all other debt are as follows:

	Principal	Interest	Total
2023	\$ 2,971	\$ 908	\$ 3,879
2024	2,825	829	3,654
2024	3,035	753	3,788
2025	2,619	686	3,305
2026	2,545	619	3,164
Subsequent	24,116	2,797	26,913
	\$ 38,111	\$ 6,592	\$ 44,703

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS OF DOLLARS)

8. Long-Term Debt (continued)

Debt repayable to the Province of Alberta bears interest at rates ranging from 1.88% to 6.00% per annum (2021 - 1.88% to 6.00%) and matures in periods 2024 to 2040. This debt is issued on the credit and security of the City.

Infrastructure loan facilities with the Canadian Imperial Bank of Canada ("CIBC") for Development and the RCMP Facility have fixed terms of 20 years, effective interest rates ranging from 3.02% to 3.19% and maturity dates of June 2034 and July 2039 respectively.

In 2022, the City borrowed an additional \$2.4 million from CIBC in the form of an infrastructure loan facility to provide capital funds for the City Centre Area Redevelopment Plan (ARP) project. The loan facility is available as Canadian Dollar Bankers Acceptances ("bankers acceptances") with terms renewable from 1 to 6 months subject to a stamping fee of 0.80% and interest at prime less 0.25% per annum. The loan facility is interest only until October 31, 2023 and can be converted to a fixed term loan for 20 years at that time.

The Westwind Land Assembly loan, repayable to Versabank, bears interest at prime plus 0.9%. Payments are interest only with the principle due when the land is sold, and due in full no later than March 2025. The City has entered into an agreement with a developer to reimburse any interest incurred on this loan.

The City has a revolving credit facility with CIBC for \$5 million that bears interest at prime less 0.25%, which has not been drawn upon as of December 31, 2022.

Interest on long-term debt amounted to \$1,153 (2021 - \$1,156). The City's interest expense for the year is \$1,137 (2021 - \$1,144) while the remaining \$16 (2021 - \$12) relates to Westwind lands and was capitalized as part of land held for resale during the year. The City's total cash payment for interest in 2022 is \$1,164 (2021 - \$1,164).

CITY OF SPRUCE GROVE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(IN THOUSANDS OF DOLLARS)

9. Debt Limits

Section 276 (2) of the Municipal Government Act requires that debt and debt limits are defined by Alberta Regulation 255/2000 for the City be disclosed as follows:

	2022	2021
Total Debt Limit		
(1.5 times revenue, as defined in the regulation)	\$ 153,983	\$ 141,747
Total Debt	(38,111)	(38,635)
Amount of Debt Limit Unused	115,872	103,112
Debt Servicing Limit		
(0.25 times revenue, as defined in the regulation)	25,664	23,625
Debt Servicing	(4,061)	(3,915)
Amount of Debt Servicing Limit Unused	\$ 21,603	\$ 19,710

Revenue as defined in Alberta Regulation 255/2000 is calculated using the total revenue for the reporting year less capital government transfers and contributed tangible capital assets recognized in the year. The City has a financial policy that requires maintaining debt to a maximum of 50% of the above provincial debt limit. As of December 31, 2022 the City is in compliance with this internal debt limit.

CITY OF SPRUCE GROVE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(IN THOUSANDS OF DOLLARS)

10. Tangible Capital Assets

2022	Land	Land Improvements	Leasehold Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	Construction in Progress	2022
Cost									
Balance, Opening	\$ 171,244	\$ 26,383	\$ 1,005	\$ 104,254	\$ 437,658	\$ 28,326	\$ 11,679	\$ 5,443	\$ 785,992
Acquired	-	459	-	108	3,322	1,537	186	15,667	21,279
Contributed	1,681	14	-	-	4,337	28	-	-	6,060
Disposals	-	-	-	-	(1,195)	(444)	-	-	(1,639)
Transfers	-	259	-	79	-	158	40	(536)	-
Balance, Closing	172,925	27,115	1,005	104,441	444,122	29,605	11,905	20,574	811,692
Accumulated Amortization									
Balance, Opening	-	13,369	905	22,237	165,341	18,074	4,813	-	224,739
Amortization	-	1,277	11	2,151	11,606	2,061	696	-	17,802
Disposals	-	-	-	-	(983)	(351)	-	-	(1,334)
Balance, Closing	-	14,646	916	24,388	175,964	19,784	5,509	-	241,207
Net Book Value, Closing	\$ 172,925	\$ 12,469	\$ 89	\$ 80,053	\$ 268,158	\$ 9,821	\$ 6,396	\$ 20,574	\$ 570,485

CITY OF SPRUCE GROVE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(IN THOUSANDS OF DOLLARS)

10. Tangible Capital Assets (continued)

2021	Land	Land Improvements	Leasehold Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	Construction in Progress	2021
Cost									
Balance, Opening	\$ 165,736	\$ 26,222	\$ 1,005	\$ 103,668	\$ 425,078	\$ 26,895	\$ 11,690	\$ 2,343	\$ 762,637
Acquired	-	137	-	170	12,737	2,558	105	3,808	19,515
Contributed	5,828	24	-	-	869	16	-	-	6,737
Disposals	(320)	-	-	-	(1,318)	(1,143)	(116)	-	(2,897)
Transfers	-	-	-	416	292	-	-	(708)	-
Balance, Closing	171,244	26,383	1,005	104,254	437,658	28,326	11,679	5,443	785,992
Accumulated Amortization									
Balance, Opening	-	12,126	894	20,045	154,873	16,853	4,242	-	209,033
Amortization	-	1,243	11	2,192	11,441	2,199	687	-	17,773
Disposals	-	-	-	-	(973)	(978)	(116)	-	(2,067)
Balance, Closing	-	13,369	905	22,237	165,341	18,074	4,813	-	224,739
Net Book Value, Closing	\$ 171,244	\$ 13,014	\$ 100	\$ 82,017	\$ 272,317	\$ 10,252	\$ 6,866	\$ 5,443	\$ 561,253

CITY OF SPRUCE GROVE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(IN THOUSANDS OF DOLLARS)

11. Accumulated Surplus

	Budget (Note 27)	2022	2021
Municipal	\$ 32,905	\$ 38,185	\$ 39,285
Utility	6,523	7,588	4,584
Developer (Note 12)	(16,802)	(12,638)	(15,606)
	22,626	33,135	28,263
Investment in Tangible Capital Assets	551,583	532,864	523,110
	\$ 574,209	\$ 565,999	\$ 551,373

12. Developer Deficit

	2021	Transfer In	Transfer Out	2022
Transportation	\$ (5,137)	\$ 3,538	\$ (1,351)	\$ (2,950)
Sanitary Sewer	(7,341)	655	(222)	(6,908)
Water	(1,001)	113	(127)	(1,015)
District and Regional Parks	(2,127)	426	(64)	(1,765)
	\$ (15,606)	\$ 4,732	\$ (1,764)	\$ (12,638)

The City paid for certain transportation and water infrastructure projects on behalf of developers and financed this development with long-term debt in order to advance the construction of these projects. The developer deficits are expected to be repaid with proceeds from future offsite levies. Long-term debt in the amount of \$11,158 (2021 - \$12,122) was taken out by the City as offsite developer fund balances are currently insufficient to pay for future development's share of these project costs.

13. Segmented Disclosure

Segmented information has been identified based upon lines of service provided by the City. City services are provided by departments and their activities are reported by functional area in the body of the financial statements. Allocation methodologies are employed in the preparation of the segmented financial information. User charges and other revenue have been allocated to the segment based upon the segment that generated that revenue. Government transfers have been allocated to the segment based upon the purpose for which the transfer was made. Development charges and developer levies are allocated to the segment for which the transfer was made. Certain lines of service that have been separately disclosed in the segmented information, along with the services they provide are as follows:

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS OF DOLLARS)

13. Segmented Disclosure (continued)

a. General Government

General government is comprised of Council and General Administration. Council makes decisions regarding delivery and service levels on behalf of the municipality in order to balance the needs and wants of City residents in a financially responsible manner. General Administration is responsible for the administration of the municipality as a whole.

b. Protective Services

Protective Services is comprised of Safe City – Enforcement Services, Police and Fire. Safe City – Enforcement Services provides enforcement in the areas of Provincial Acts and Municipal Bylaws; developing proactive educational safe city programs; and management of the Automated Traffic Enforcement contract. Fire is responsible to provide fire suppression services; fire prevention programs; training and education related to prevention; detection or extinguishment of fires; and advanced life support to Alberta Health Services 24/7.

c. Transportation and Roadway Services

Transportation and Roadway Services is comprised of the Engineering Services and the Public Works departments. They are responsible for the planning, development and maintenance of roadway systems.

d. Utilities

The City is responsible for environmental programs such as the engineering, operation and maintenance of Water, Sanitary Sewer and Stormwater networks and facilities and Solid Waste Management.

e. Community Services

Community Services provides recreational and cultural services, activities which promote the health and well being of its citizens, and activities related to parks and cemetery maintenance and operation.

f. Development Services

Development Services is comprised of Planning and Development Services and Economic Development. Planning and Development Service manages long-term planning, current planning and subdivision, development permits and safety code disciplines. Economic Development is responsible for facilitating programs and services intended to help local businesses prosper and grow, and attract new business and investment in the City.

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2022
 (IN THOUSANDS OF DOLLARS)

13. Segmented Disclosure (continued)

2022	General Government	Protective Services	Transportation & Roadway Services	Utilities	Community Services	Development Services	Total	Budget (Note 27)
Revenue								
Property Taxes	\$ 45,235	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,235	\$ 45,136
Sales and User Fees	180	1,228	621	23,895	2,119	519	28,562	28,527
Sales to Other Governments	-	2,718	-	-	-	-	2,718	2,667
Franchise Fees	7,444	-	-	-	-	-	7,444	6,770
Fines	-	2,938	-	-	-	-	2,938	2,493
Government Transfers - Operating	42	700	1,238	-	1,989	40	4,009	3,537
Licenses and Permits	-	100	113	-	-	2,108	2,321	1,698
Rentals	-	631	99	-	1,575	1	2,306	2,360
Penalties	672	-	-	123	-	-	795	784
Other	56	28	179	75	370	133	841	806
Investment Income	501	-	14	-	17	86	618	339
	54,130	8,343	2,264	24,093	6,070	2,887	97,787	95,117
Expenses								
Salaries, Wages & Benefits	9,240	10,574	7,887	2,162	7,375	2,555	39,793	41,358
Contracted & General Services	5,681	1,963	6,111	4,152	3,312	960	22,179	20,463
Materials, Goods & Supplies	172	874	3,211	377	1,512	14	6,160	6,244
Purchases from Other Governments	-	6,393	2,155	10,331	-	-	18,879	19,285
Transfers to Government, Agencies & Other Organizations	1	11	-	-	130	10	152	177
Bank Charges	112	-	-	-	4	59	175	136
Interest on Long-Term Debt	4	-	868	139	37	89	1,137	991
Other	350	-	-	14	33	-	397	426
Amortization	596	1,014	9,511	5,434	1,207	40	17,802	19,127
	16,156	20,829	29,743	22,609	13,610	3,727	106,674	108,207
Annual Surplus (Deficit) before Undernoted	37,974	(12,486)	(27,479)	1,484	(7,540)	(840)	(8,887)	(13,090)
Loss on Disposal of Tangible Capital Assets	-	-	(162)	-	-	-	(162)	-
Government Transfers - Capital Contributed Tangible Capital Assets	59	-	12,075	393	58	-	12,585	25,815
	-	-	442	3,910	28	1,680	6,060	9,723
Developer Contribution and Levies	116	-	4,146	768	-	-	5,030	388
	175	-	16,501	5,071	86	1,680	23,513	35,926
Annual Surplus (Deficit)	\$ 38,149	\$ (12,486)	\$ (10,978)	\$ 6,555	\$ (7,454)	\$ 840	\$ 14,626	\$ 22,836

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2022
 (IN THOUSANDS OF DOLLARS)

13. Segmented Disclosure (continued)

2021	General Government	Protective Services	Transportation & Roadway Services	Utilities	Community Services	Development Services	Total
Revenue							
Property Taxes	\$ 41,927	\$ -	\$ -	\$ -	\$ 309	\$ -	\$ 42,236
Sales and User Fees	177	1,179	711	23,153	923	228	26,371
Sales to Other Governments	-	2,828	-	-	-	-	2,828
Franchise Fees	6,532	-	-	-	-	-	6,532
Fines	6	2,426	-	2	-	-	2,434
Government Transfers - Operating	257	701	958	-	1,876	41	3,833
Licenses and Permits	-	1	79	62	-	2,140	2,282
Rentals	-	528	77	-	1,163	-	1,768
Penalties	924	-	-	127	-	-	1,051
Other	156	4	300	-	334	165	959
Investment Income	747	-	18	-	4	22	791
	50,726	7,667	2,143	23,344	4,609	2,596	91,085
Expenses							
Salaries, Wages & Benefits	8,283	9,544	7,491	2,189	6,709	2,240	36,456
Contracted & General Services	6,211	1,870	4,525	3,685	2,264	814	19,369
Materials, Goods & Supplies	487	773	2,794	400	1,196	16	5,666
Purchases from Other Governments	-	5,886	1,708	10,482	222	-	18,298
Transfers to Government, Agencies & Other Organizations	1	11	-	-	97	30	139
Bank Charges	147	-	-	-	3	-	150
Interest on Long-Term Debt	6	-	854	120	66	98	1,144
Other	197	-	-	12	15	-	224
Amortization	679	1,079	9,362	5,353	1,264	36	17,773
	16,011	19,163	26,734	22,241	11,836	3,234	99,219
Annual Surplus (Deficit) before Undernoted	34,715	(11,496)	(24,591)	1,103	(7,227)	(638)	(8,134)
Gain on Disposal of Tangible Capital Assets	-	-	5	-	-	21	26
Government Transfers - Capital	220	-	10,067	4,252	118	-	14,657
Contributed Tangible Capital Assets	-	-	210	683	16	5,828	6,737
Developer Contribution and Levies	155	-	2,705	524	-	-	3,384
	375	-	12,987	5,459	134	5,849	24,804
Annual Surplus (Deficit)	\$ 35,090	\$ (11,496)	\$ (11,604)	\$ 6,562	\$ (7,093)	\$ 5,211	\$ 16,670

CITY OF SPRUCE GROVE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(IN THOUSANDS OF DOLLARS)

14. Salary and Benefits Disclosure

Disclosure of salaries and benefits for municipal officials and the chief administrative officer is required by Alberta Regulation 313/2000. This information is not presented in thousands of dollars.

	2022 Salaries	2022 Benefits	2021 Salaries	2021 Benefits
Mayor Acker	\$ 112,902	\$ 18,243	\$ 15,867	\$ 4,843
Councillor Carter	63,339	14,340	10,491	3,070
Councillor Gillett	63,601	14,343	10,884	3,004
Councillor Houston	67,575	10,881	11,082	3,855
Councillor MacDonald	62,834	11,993	10,884	2,753
Councillor Oldham	63,584	14,374	50,939	13,626
Councillor Stevenson	66,094	11,288	55,981	10,735
Mayor Houston (i)	-	-	94,703	10,260
Councillor Acker (i)	-	-	49,074	9,889
Councillor Gruhlke (i)	-	-	42,489	10,389
Councillor McKenzie (i)	-	-	44,214	10,497
Councillor Rothe (i)	-	-	42,657	8,118
	499,929	95,462	439,265	91,039
Chief Administrative Officer	244,692	49,923	219,581	49,309
Interim Chief Administrative Officer	-	-	11,887	3,464
	244,692	49,923	231,468	52,773
	\$ 744,621	\$ 145,385	\$ 670,733	\$ 143,812

Salaries include remuneration and per diem paid to elected officials, including a basic honorarium, and a meeting per diem. Benefits include the employer's share of all benefits paid on behalf of elected officials and include Canada Pension Plan, health care, extended health care, dental, group life, accidental death and dismemberment insurance, dependent life insurance, a home office expense allowance, car allowance, and WCB coverage. Employees are also eligible for Employment Insurance, Long Term Disability, Local Authorities Pension Plan, APEX Plus Pension Plan and memberships to the TransAlta Tri Leisure Centre. Council is eligible for a matching RRSP contribution of up to 4% of their annual salary.

Councillors also serve on a number of external Committees/Boards for which they receive remuneration directly from those organizations and which are not included in the above Salary and Benefits Disclosure.

(i) Council term ended October 2021.

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS OF DOLLARS)

15. Local Authorities Pension Plan

Employees of the City participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Public Sector Pension Plans Act. LAPP is financed by employer and employee contributions and by investment earnings of the LAPP fund.

The City is required to make current service contributions to LAPP of 8.45% (2021 - 9.39%) of eligible pensionable earnings up to the year's maximum pension earnings and 12.80% (2021 - 13.84%) on pensionable earnings above this amount. Employees are required to make current service contributions of 7.45% (2021 - 8.39%) of pensionable salary up to the year's maximum pensionable earnings and 11.80% (2021 - 12.84%) on pensionable salary above this amount. Contributions for current service are recorded as expenses in the year in which they become due.

Total current service contributions by the City to LAPP in 2022 were \$2,329 (2021 - \$2,425). Total current service contributions by the employees of the City to LAPP in 2022 were \$2,091 (2021 - \$2,202). Total optional service contributions by the City to LAPP in 2022 were \$62 (2021 - \$86).

City employees are able to buy back their first year of service within five years from their start date with LAPP. The City is obligated to pay the employer portion of any prior service buy-back. In 2022, the City's potential liability for optional service buy-back is \$58 (2021 - \$60).

According to its latest annual report, at December 31, 2021, LAPP disclosed a surplus of \$11.9 billion.

16. APEX Supplementary Pension Plan

The APEX supplementary pension plan, and Alberta Urban Municipality Association (AUMA) sponsored defined benefit pension plan covered under the provisions of the Alberta Employment Pensions Plans Act commenced on January 1, 2003 and provides supplementary pension benefits to a prescribed class of employees (approximately 124 beneficiaries). The plan supplements the Local Authorities Pension Plan.

The prescribed class of employees and the City make contributions. Employees and the City are required to make current service contributions to APEX of 2.61% and 3.85% (2021 - 2.61% and 3.85%) respectively of pensionable earnings up to \$175 (2021 - \$162).

Total current service contributions by the City to APEX in 2022 were \$450 (2021 - \$422). Total current service contributions by the employees of the City in 2022 were \$305 (2021 - \$286).

CITY OF SPRUCE GROVE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(IN THOUSANDS OF DOLLARS)

17. TransAlta Tri Leisure Centre

The City, Parkland County and the Town of Stony Plain jointly developed, constructed, and are now operating the TransAlta Tri Leisure Centre (the "TLC"). The building is jointly owned by the City, Parkland County and the Town of Stony Plain. The City's proportionate share of the building is 42.0% (2021 - 42.0%).

The Tri-Municipal Leisure Facility Corporation (the "Corporation") operates and manages the TLC. The City, Parkland County and Town of Stony Plain provide annual contributions for a total of \$2,454 (2021 - \$2,381) to support the operations of the TLC, with the City's proportionate share being 49.5% - (2021 - 49.5%).

The City's proportionate share (49.5%) of the financial position and operations of the TLC is as follows:

	2022	2021
Financial Position		
Financial Assets	\$ 753	\$ 697
Liabilities	(456)	(423)
Net Financial Assets	297	274
Non Financial Assets	867	964
Accumulated Surplus	1,164	1,238
Operations		
Revenue	3,871	2,845
Expenses	(3,991)	(3,134)
Annual Deficit	\$ (120)	\$ (289)

18. Related Parties

Transactions with related parties are included within these consolidated financial statements.

Related parties include key management personnel which the City has determined to include the Mayor, Council and members of the City's senior leadership team. In the normal course of operations, key management personnel incur various costs on behalf of the City.

19. Alberta Municipal Insurance Exchange

The City is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the City could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

CITY OF SPRUCE GROVE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(IN THOUSANDS OF DOLLARS)

20. Developer Agreements

Developers have entered into agreements with the City and are committed to installing and constructing certain works to serve the development of lands within the City. The City has taken security from the developers in the form of letters of credit in the amount of \$21,021 to secure the performance by the developers under the agreements.

21. Financial Instruments

The City's financial instruments consist of cash and cash equivalents, accounts receivable, investments, accounts payable and accrued liabilities, and long-term debt.

The City is subject to credit risk with respect to accounts receivable. Credit risk arises from the possibility that taxpayers and entities to which the City provides services may experience financial difficulty and be unable to fulfill their obligations. The large number of diversity of taxpayers and customers minimizes the credit risk.

Certain financial assets bear interest at variable interest rates which subject the City to cash flow risks as changes in market interest rates or market indices will result in fluctuations in investment earnings. Certain other financial assets and long-term debt bear interest at fixed interest rates which can subject the City to fair value risks associated with these instruments due to changes in market interest rates. However, the City is not subject to fair value risks when such instruments are held to maturity.

Unless otherwise noted, the carrying values of the City's financial instruments approximate their fair values.

22. Contractual Rights

Contractual rights are rights of the City to economic resources from contracts or agreements that will result in both assets and revenues in the future when the terms of those contracts or agreements are met.

The City has ongoing leases and contracts that will be received or receivable for each of the next five years and thereafter are as follows:

Year	Leases and Contracts
2023	\$ 992
2024	1,037
2025	1,037
2026	1,037
2027	1,037
Thereafter	5,185
	<u>\$ 10,325</u>

CITY OF SPRUCE GROVE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(IN THOUSANDS OF DOLLARS)

23. Contractual Obligations

As at December 31, 2022, authorized costs for capital projects and transfers committed through a purchase order or other contractual agreement, but not yet expended, aggregate to \$28,809.

The City has ongoing operating leases for facilities. The future minimum lease payments are as follows:

Year	Basic Rent
2023	\$ 357
2024	122
2025	122
2026	122
2027	108
Thereafter	244
	<u>\$ 1,075</u>

24. Contingent Liabilities

The City is defendant in various lawsuits as at December 31, 2022. Where the occurrence of a future event is considered likely to result in a loss with respect to an existing condition, and the amount of the loss can be reasonably estimated, amounts have been included within accrued liabilities. Where the resulting losses, if any, cannot be determined or the occurrence of future events is unknown, amounts have not been recorded.

25. Franchise Agreements

Disclosure of utility franchise agreement annual revenues as required by Alberta Regulation 313/2000 is as follows:

	2022	2021
Atco Gas	\$ 3,054	\$ 2,440
Fortis Alberta Inc.	4,390	4,092
	<u>\$ 7,444</u>	<u>\$ 6,532</u>

26. Comparative Information

Certain other comparative information has been reclassified to conform with the consolidated financial statement presentation adopted for the current year.

CITY OF SPRUCE GROVE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS OF DOLLARS)

27. Budget

City Council approved the 2022 - 2024 Corporate Plan on November 29, 2021, which formally approved the interim budget for operating revenue and expenses and capital revenue and expenditures for 2022. The operating budget information presented in these consolidated financial statements is based on the final operating budget for revenues and expenses approved by Council as part of the 2022 Spring Budget Adjustment process on April 11, 2022. The capital budget presented in these consolidated financial statements is based on the final capital budget for revenues and expenditures approved by Council on June 27, 2022.

28. Approval of Consolidated Financial Statements

Council has approved these audited consolidated financial statements.

CITY OF SPRUCE GROVE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(IN THOUSANDS OF DOLLARS)

	2022 Budget (Note 27)	2022 Actual	2021 Actual
Property Taxes			
Residential	\$ 47,485	\$ 47,775	\$ 45,305
Non-Residential			
Commercial	11,856	11,611	11,052
Industrial	2,774	2,729	2,490
Linear	420	402	399
Agricultural	5	21	2
	62,540	62,538	59,248
Less Requisitions			
Alberta Education	14,825	14,509	14,452
Evergreen Catholic Schools	2,263	2,370	2,251
Meridian Foundation	313	420	306
Designated Industrial Property	3	4	3
	17,404	17,303	17,012
	\$ 45,136	\$ 45,235	\$ 42,236

CITY OF SPRUCE GROVE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(IN THOUSANDS OF DOLLARS)

	2022 Budget (Note 27)	2022 Actual	2021 Actual
Government Transfers - Capital			
Canada Community Building Fund	\$ 3,829	\$ 2,769	\$ 3,028
Municipal Sustainability Initiative	18,811	6,849	6,850
GreenTrip	1,900	781	839
Other	1,275	2,186	3,940
	25,815	12,585	14,657
Government Transfers - Operating			
Municipal Sustainability Initiative	260	260	260
RCMP Policing	720	701	701
Family & Community Support Services	821	857	785
Other	1,736	2,191	2,087
	3,537	4,009	3,833
	\$ 29,352	\$ 16,594	\$ 18,490

CITY OF SPRUCE GROVE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(IN THOUSANDS OF DOLLARS)

	2022 Budget (Note 27)	2022 Actual	2021 Actual
General Government			
City Clerk	\$ 428	\$ 438	\$ 649
City Manager	759	646	623
Corporate Communications	1,289	1,082	1,012
Corporate Services Administration	328	370	293
Council	857	748	608
Finance	2,458	2,618	2,345
Human Resources	2,017	1,961	1,446
Information Systems	6,031	6,494	7,539
Integrated Planning and Strategic Services	1,872	1,799	1,496
	16,039	16,156	16,011
Protective Services			
Fire	11,082	11,074	10,150
Municipal Enforcement and Safe City	2,900	2,787	2,563
Police	6,992	6,968	6,450
	20,974	20,829	19,163
Transportation and Roadway Services			
Engineering	2,788	2,140	1,916
Facilities and Fleet Management	6,826	6,412	5,797
Planning and Infrastructure Administration	542	502	512
Public Works	19,451	18,220	16,453
Environment and Transit	2,915	2,469	2,056
	32,522	29,743	26,734
Utilities			
Stormwater	1,116	2,620	2,609
Information Systems	3,345	3,241	3,095
Sanitary Sewer	5,573	5,477	5,293
Water	11,617	11,271	11,244
	21,651	22,609	22,241
Community Services			
Agrena/Sports Park	1,839	2,205	1,738
Community and Protective Services Administration	510	563	494
Community Social Development	877	761	645
Culture	1,411	818	888
Family and Community Support Services	1,279	1,240	1,214
Leisure Centre	3,966	4,268	3,426
Library	1,789	1,861	1,882
Recreation	1,768	1,894	1,549
	13,439	13,610	11,836
Development Services			
Economic and Business Development	1,046	1,002	1,075
Planning and Development	2,536	2,725	2,159
	3,582	3,727	3,234
	\$ 108,207	\$ 106,674	\$ 99,219



STATISTICAL SECTION

GENERAL STATISTICS

in thousands of dollars (unaudited)

General Statistics	2022	2021	2020	2019	2018
Population	38,647	37,645	37,081	36,012	35,766
Municipal Employees stated in Full Time Equivalents	290	280.4*	280.4*	280.4*	285
Municipal Employees per 1,000 population	7.5	7.4	7.6	7.8	8.0

* May differ from previous annual reports as the amounts now only include permanent positions.

Infrastructure	2022	2021	2020	2019	2018
Municipal Area (in hectares)	3676	3676	3161	3161	3165
Number of Dwellings	14,735	14345	14011	13814	13581
Roads (KM)	234.48	234.14	238.81	209.21	209.21
Watermains (KM)	189.59	179.71	179.71	190.33	187.63
Wastewater Mains (KM)	176.73	173.86	173.86	173.73	171.76
Storm Drainage Mains (KM)	140.56	138.09	138.54	130.27	128.3

Source: Government of Alberta Municipal Affairs

Age Demographics	2021	2016
0 to 14 years	21.64%	22.56%
15 to 29 years	18.58%	20.19%
30 to 44 years	24.04%	24.45%
45 to 59 years	17.98%	17.71%
60 and over	17.73%	15.03%

Source: Statistics Canada, 2021 Census of Population.

GENERAL STATISTICS

in thousands of dollars (unaudited)

Permit Statistics	2022	2021	2020	2019	2018
<i>Development and Building Permits Value</i>					
Residential	134,337,350	193,152,043	62,214,965	62,802,005	90,267,062
Commerical	2,412,138	5,096,109	1,620,500	2,214,000	23,985,187
Industrial	3,375,000	4,728,094	5,281,601	6,768,897	3,577,047
Institutional	-	-	-	-	19,845,693
Alterations/Additions Value	35,507,621	17,657,275	11,246,181	31,294,284	12,826,368
Total Value	175,632,109	220,633,521	80,363,247	103,079,186	150,501,357

Permit Statistics	2022	2021	2020	2019	2018
<i>Number of Permits</i>					
New Construction Permits	345	395	219	222	307
Permits for Alteration/Addition	429	512	475	446	466
Electrical	2098	2068	1308	1241	1320
Gas	510	962	666	668	784
Plumbing	926	438	315	279	432
Total Number of Permits	4308	4,375	2,983	2,856	3,309

Consumer Price Index Change	2022	2021	2020	2019	2018
Alberta	6.0%	4.8%	3.0%	1.2%	1.4%
Canada	6.3%	4.8%	2.4%	1.4%	1.7%

Unemployment Rates	2022	2021	2020	2019	2018
Alberta	5.6%	7.5%	11.1%	7.0%	6.4%
Canada	5.0%	6.0%	8.8%	5.6%	5.6%

CPI and Unemployment Rates obtained from Statistics Canada

FINANCIAL STATEMENTS

in thousands of dollars (unaudited)

Revenue by Source	2022	2021	2020	2019	2018
Property Taxes	45,235	42,236	41,054	40,372	37,961
Sales & User Fees	28,562	26,371*	23,921	24,183	23,996
Sales to Other Governments	2,718	2,828	2,667	2,667	2,665
Franchise Fees	7,444	6,532	6,149	5,443	4,578
Fines	2,938	2,434	1,542	3,484	3,939
Government Transfers	16,594	18,490	14,103	23,388	9,084
Licenses & Permits	2,321	2,282	1,334	1,609	1,736
Rentals	2,306	1,768	1,506	2,311	2,091
Penalties	795	1,051	982	970	868
Other	841	959*	903	1,592	1,197
Investment Income	618	791	865	506	115
Gain (Loss) on Disposal & Transfer of Tangible capital Assets	-162	26	512	-2,788	-106
Contributed Tangible Capital Assets	6,060	6,737	13,668	11,581	9,651
Developer Contribution & Levies	5,030	3,384	265	1,974	905
Total Revenues	121,300	115,889	109,471	117,292	98,686

*Updated since last Annual Report due to revenue reclassification between categories.

FINANCIAL STATEMENTS

in thousands of dollars (unaudited)

Expenses by Function	2022	2021	2020	2019	2018
General Government	16,155	16,011	12,175	11,644	12,972
Protective Services	20,829	19,163	17,436	17,981	16,031
Transportation & Roadway Services	29,744	26,734	26,401	29,268	28,237
Utilities	22,609	22,241	20,533	18,896	17,664
Community Services	13,610	11,836	11,238	13,623	14,404
Development Services	3,727	3,234	2,924	3,199	3,558
Total Expense by Function	106,674	99,219	90,707	94,611	92,866

Surplus and Accumulated Surplus	2022	2021	2020	2019	2018
Total Revenue	121,300	115,889	109,471	117,292	98,686
Total Expenses	106,674	99,219	90,707	94,611	92,866
Annual Surplus	14,626	16,670	18,764	22,681	5,820
Accumulated Surplus, Beginning Year	551,373	534,703	515,939	493,258	487,438
Accumulated Surplus, End of Year	565,999	551,373	534,703	515,939	493,258

Expenses by Object	2022	2021	2020	2019	2018
Salaries, Wages & Benefits	39,793	36,456	34,874	36,597	34,910
Contracted & General Services	22,179	19,369	14,819	17,019	19,025
Materials, Goods & Supplies	6,160	5,666	5,242	5,452	5,402
Purchases from other Governments	18,879	18,298	16,818	16,521	15,856
Transfers to Gov't, Agencies & Other Org.	152	139	280	176	843
Bank Charges	175	150	110	167	164
Interest on Long-Term Debt	1,137	1,144	1,177	1,265	898
Other	397	224	127	390	318
Amortization	17,802	17,773	17,260	17,024	15,450
Total Expenses by Object	106,674	99,219	90,707	94,611	92,866

TAXATION

in thousands of dollars (unaudited)

Tax Rate (in mills)	2022	2021	2020	2019	2018
Municipal – Residential	0.0065900	0.0066715	0.0063141	0.0062247	0.0059158
Municipal – Non-Residential	0.0096214	0.0093951	0.0087179	0.0088484	0.0084727
Annexed – Residential	0.0042133	0.0042229	0.0041383	0.0040878	0.0039673
Annexed – Non-Residential	0.0084266	0.0084455	0.0082765	0.0081755	0.0079345
School – Residential	0.0024730	0.0026727	0.0025860	0.0025721	0.002559
School – Non-Residential	0.0038237	0.0038774	0.0037620	0.0036674	0.0037096
TransAlta Tri Leisure Centre	0.0000000	0.0000536	0.0000518	0.0000524	0.0000526
Meridian Foundation	0.0000673	0.0000530	0.0000522	0.000051	0.0000472

Assessment Values	2022	2021	2020	2019	2018
Residential and Farmland	5,145,497	4,715,790*	4,854,420*	4,819,699*	4,779,602*
Commercial and Industrial	1,050,570	1,007,490*	1,046,722*	1,026,166*	997,288*
Linear and Machinery & Equipment	44,861	42,011*	39,335*	38,572*	36,672*
Total Assessment	6,240,929	5,765,291	5,940,477	5,884,437	5,813,562

Collection of Taxes	2022	2021	2020	2019	2018
Municipal Taxes	45,207	42,236	41,054	40,372	37,961
Current Year Uncollected	1,785	1,873	2,213	1,806	1,692
More than One Year in Arrears	535	827	866	490	618
% of Current Tax Year Levied Uncollected	3.95%	4.43%	5.39%	4.47%	4.46%

* Assessment values have been restated from 2018 to 2021 to properly present categories of taxable assessment.

TAXATION

in thousands of dollars (unaudited)

Taxation	2022	2021	2020	2019	2018
Residential	47,775	45,305	44,405	43,641	41,648
Commercial	11,611	11,052	10,876	10,673	10,024
Industrial	2,729	2,490	2,341	2,360	2,274
Linear	402	399	350	334	318
Agricultural	21	2	2	2	2
Total Taxes	62,538	59,248	57,974	57,010	54,266

Requisitions	2022	2021	2020	2019	2018
Alberta School Foundation Fund	14,509	14,452	14,365	13,993	13,734
Evergreen Catholic Separate	2,370	2,251	2,241	2,341	2,296
Meridian Foundation	420	306	311	301	275
Designated Industrial Property	4	3	3	3	-
Total Requisitions	17,303	17,012	16,920	16,638	16,305
Municipal Taxes	45,235	42,236	41,054	40,372	37,961

LONG-TERM DEBT

in thousands of dollars (unaudited)

Long-Term Debt	2022	2021	2020	2019	2018
Tax Supported	16,810	18,177*	19,758*	21,293*	21,286*
Supported by Utilities	6,319	4,099*	4,276*	2,200*	-
Supported by Other	12,036	13,072*	14,060*	14,688*	12,922*
Supported by Local Improvements	2,946	3,287	3,619	3,941	4,255
Total Long Term Debt	38,111	38,635	41,713	42,122	38,464
Population	38,647	37,645	37,081	36,012	35,766
Long-Term Debt per Capita	986.13	1,026.30	1,124.92	1,169.67	1,075.43
Debt Limits	2022	2021	2020	2019	2018
Total Debt Limit	153,983	141,747	132,937	128,643	125,224
Total Debt	38,111	38,635	41,713	42,122	38,464
Total Debt Limit Available	115,872	103,112	91,224	86,521	86,760
Percentage of Debt Limit Used	24.75%	27.26%	31.38%	32.74%	30.72%

* Long-term debt categories have been restated from 2018 to 2021 to properly present the sources of funds for debt repayment.

NET DEBT AND ACCUMULATED SURPLUS

in thousands of dollars (unaudited)

Net Debt	2022	2021	2020	2019	2018
Annual Surplus	14,626	16,670	18,764	22,681	5,820
Change related to Tangible Capital Assets	-9,232	-7,650	-9,830	-25,164	-23,736
Change related to Other Non Financial Assets	-116	-167	20	15	-306
(Increase) Decrease in Net Financial Assets	5,278	8,853	8,954	-2,468	-18,222
Net Debt, Beginning of Year	-11,109	-19,962	-28,916	-26,448	-8,226
Net Debt, End of Year	-5,831	-11,109	-19,962	-28,916	-26,448

Accumulated Surplus	2022	2021	2020	2019	2018
Municipal Surplus	39,510	39,284	30,113	21,069	16,954
Utility Surplus	7,592	4,585	7,672	7,778	8,792
Developer Deficit	-12,638	-15,607	-15,424	-15,011	-13,084
Equity in Tangible Capital Assets	531,535	523,111	512,342	502,103	480,596
Accumulated Surplus	565,999	551,373	534,703	515,939	493,258

TANGIBLE CAPITAL ASSETS

ACQUISITIONS

in thousands of dollars (unaudited)

Tangible Capital Asset Acquisitions	2022	2021	2020	2019	2018
Land	1,681	5,828	8,635	2,927	2,793
Land Improvements	473	161	231	1,230	594
Leasehold Improvements	-	-	-	1	-
Buildings	108	170	1,833	12,504	-
Engineered Structures	7,659	13,606	14,094	21,211	16,806
Machinery & Equipment	1,565	2,574	527	2,861	2,278
Vehicles	186	105	563	2,052	335
Construction in Progress	15,667	3,808	1,396	2,653	16,691
Total Acquisition of Tangible Capital Assets	27,339	26,252	27,279	45,439	39,497





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